

Biyani's Think Tank
Concept based notes

Marketing Management

MBA

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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.

Megha Maheshwari

Marketing Management

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.

Q2. Define customer value.

Ans. In marketing, a **customer value proposition (CVP)** consists of the sum total of benefits which a vendor promises a customer will receive in return for the customer's associated payment (or other value-transfer).

A customer value proposition is a business or marketing statement that describes why a customer should buy a product or use a service. It is specifically targeted towards potential customers rather than other constituent groups such as employees, partners or suppliers. It is a clearly defined statement that is designed to convince customers that one particular product or service will add more value or better solve a problem than others in its competitive set.

Q.3 Define Marketing Strategy.

Ans **Marketing strategy** is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage.

Q.4 Write short note on Marketing strategies.

Ans. Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Plans and objectives are generally tested for measurable results. Commonly, marketing strategies are developed as multi-year plans, with a tactical plan detailing specific actions to be accomplished in the current year. Time horizons covered by the marketing plan vary by company, by industry, and by nation, however, time horizons are becoming shorter as the speed of change in the environment increases. Marketing strategies are dynamic and interactive. They are partially planned and partially unplanned. See strategy dynamics.

Marketing strategy involves careful scanning of the internal and external environments which are summarized in a SWOT analysis. Internal environmental factors include the marketing mix, plus performance analysis and strategic constraints. External environmental factors include customer analysis, competitor analysis, target market analysis, as well as evaluation of any elements of the technological, economic, cultural or political/legal environment likely to impact success. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement. Besides SWOT analysis, portfolio analyses such as the GE/McKinsey matrix can or COPE analysis be performed to determine the strategic focus.

Once a thorough environmental scan is complete, a strategic plan can be constructed to identify business alternatives, establish challenging goals, determine the optimal

marketing mix to attain these goals, and detail implementation. A final step in developing a marketing strategy is to create a plan to monitor progress and a set of contingencies if problems arise in the implementation of the plan.

Q.5 Explain the different types of strategies

Ans. Marketing strategies may differ depending on the unique situation of the individual business. However there are a number of ways of categorizing some generic strategies. A brief description of the most common categorizing schemes is presented below:

- Strategies based on market dominance - In this scheme, firms are classified based on their market share or dominance of an industry. Typically there are four types of market dominance strategies:
 - Leader
 - Challenger
 - Follower
 - Nicher
- **Porter generic strategies** - strategy on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strategic strength refers to the firm's sustainable competitive advantage. The generic strategy framework (porter 1984) comprises two alternatives each with two alternative scopes. These are *Differentiation* and *low-cost leadership* each with a dimension of *Focus*-broad or narrow.
 - Product differentiation (broad)
 - Cost leadership (broad)
 - Market segmentation (narrow)
- **Innovation strategies** — This deals with the firm's rate of the new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types:
 - Pioneers
 - Close followers
 - Late followers
- **Growth strategies** — In this scheme we ask the question, “How should the firm grow? There are a number of different ways of answering that question, but the most common gives four answers:
 - Horizontal integration
 - Vertical integration
 - Diversification
 - Intensification

Q.6 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.7 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.8 What are the various factors in Indian marketing environment & what is the need to analyze the marketing environment?

Ans.: Purpose of marketing environment analysis:-

- To know where the environment is leading, to observe & size up the relevant events & trends in the environment.
- Strategic response to environment is possible only with proper environment analysis.
- To assess the scope of various opportunities & shortlist those that can favorably impact the business.
- 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

Q.9 Define Rural Marketing.

Ans. Rural marketing is promotion of a company's products in the rural market buy using strategies which differs from that of urban market, the rural market is more price sensitive but it has preference for quality.

Q.10 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 FM CG 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 covers nearly 87% of India's population. The print media has only about 15% of the regional language newspaper reaching rural areas.

Q.11 Describe Rural Market Potential.

Ans. India is an agro-based economy and the growth of most of the other sectors of economy is driven by rural demand. Urban market is reaching towards the saturation point, thus bringing in an urgent need to focus on rural development. Moreover, more than 70% of India's population lives in villages and constitutes a big market for industry because of increasing disposable incomes and awareness level.

In comparison to just 5,161 towns in India there are 6,38,365 villages in India. This in itself is an indicator where the real India resides. Companies are realizing slowly but surely that the key to gain true market leadership lies in tapping the rural potential. However, the rural sector in India suffers from different kinds of problems. Some areas are having enough money but their level of awareness and hence consumerism is very low. But there are many areas where economic empowerment, education, health etc., are major problems.

While there is a large growth in the urban market, the rural or latent market is yet to be tapped, and has an enormous potential for growth. A rural market can be defined as any market that exists in an area where the population is less than 10,000. The rural market in India is scattered and spread over a wide geographical area. Indian market is divided into urban and rural markets.

Urban market is flooded with low demand.

Rural market witnesses a high demand. It's the rural segment of market that contributes more profit than its urban counterpart. Rural marketing broadly involves reaching customers, understanding their wants, supply of goods and services, and ultimately satisfying consumers, leading to more sales. The general impression is that only agricultural inputs like seeds, fertilizers, pesticides, cattle feed and agricultural machinery have a potential for growth in the rural market. However, there is a growing market for consumer goods now. It has been estimated the rural market is growing at the rate of five times its urban counterpart.

Q.12 Explain Challenges in Rural Marketing.

Ans. Though rural markets are a huge attraction to marketers, it is not easy to enter the market and take a sizeable share of the market, in the short time due to the following reasons.

Low Literacy

There are not enough opportunities for education in rural areas. The literacy level is as low (36%) when compared to all-India average of 52%.

Seasonal Demand

Demand for goods in rural markets depends upon agricultural situation, as agriculture is the main source of income. Agriculture to a large extent depends upon monsoon and, therefore, the demand or buying capacity is not stable or regular.

Transportation

Many rural areas are not connected by rail transport. Kacha roads become unserviceable during the monsoon and interior villages get isolated.

Distribution

An effective distribution system requires village-level shopkeeper, Mandal/ Taluka- level wholesaler or preferred dealer, distributor or stockiest at district level and company-owned depot or consignment distribution at state level. The presence of too many tiers in the distribution system increases the cost of distribution.

Communication Problems

Facilities such as telephone, fax and telegram are rather poor in rural areas.

Traditional Life

Life in rural areas is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of farmers does not wear jeans or branded shoes.

Buying Decisions

Rural consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after being personally satisfied, do they buy the product.

Media for Promotions

Television has made a great impact and large audience has been exposed to this medium. Radio reaches large population in rural areas at a relatively low cost. However, reach of formal media is low in rural households; therefore, the market has to undertake specific sales promotion activities in rural areas like participating in melas or fairs.

Career in Rural Market

While rural marketing offers a challenging career, a rural sales person should require certain qualifications and specialized talent.

Cultural Factors

Culture is a system of shared values, beliefs and perceptions that influence the behavior of consumers. There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behavior of people in villages.

There is a belief among rural people that experience is more important than formal education and they respect salespersons who can offer practical solutions to their problems. Therefore, it is desirable that sales persons, especially those who have been brought up in cities are given a thorough training consisting of both theory and practical aspects of village life. The training will help these sales persons to align themselves with the market realities and settle down smoothly in their jobs.

Rural market has a tremendous potential that is yet to be tapped. A small increase in rural income, results in an exponential increase in buying power.

Future Trends

Markets which are not able to face the stiff competition posed by MNCs, can restore their profits in the rural sector. The market share of urban market when compared to the rural

market is low, hence if Indian industries concentrate on rural markets their sales will increase. If rural markets are brought into the limelight of development, they pave way to prosperity. Prosperity of India lies in the prosperity of every Indian, hence no rural segment should be left untapped.

Q.13. Explain the various problems in channel management in rural marketing.

Ans. 1. Multiple tiers, Higher Cost and Administration Problems: The distribution chain in the rural context requires a large number of tiers as compared to the urban context. In the rural context, at the minimum level the chain needs the village shopkeeper, the wholesaler, etc., whereas at the top level involves the manufacturer's own warehouses, office operations at selected centers. Such multiple tiers make channel management a major problem area.

2. Scope for Manufacturer's own Outlets Limited; Greater Dependence on Dealers: Scope for manufacturer's direct outlets such as depots or showrooms is limited in rural markets unlike in the urban context since it is expensive and unmanageable.

3. Non-Availability of Dealers: There is also a problem of availability of dealers. Suitable dealers are limited even if the firm is willing to start from scratch and try out rank newcomers; the choice of candidates is limited.

4. Poor Visibility of Retail Outlets: Sales outlets suffer from poor viability in the rural market. Scattered nature of market and the multiplicity of tiers in the chain use up the additional funds the manufacturer is prepared to part with. Moreover the business volume is not adequate enough to sustain the profitability of all groups and the retail tier is the worst sufferer.

5. Inadequate Bank Facilities: Due to lack of bank and credit facilities distribution in rural markets is handicapped. Rural outlets need banking support for 3 important purposes;

- a. In facilitating remittances to principals and to get fast replenishment of stocks.
- b. In receiving supplies 'through bank' (retiring documents with the bank).
- c. To facilitate securing credit from banks. It is estimated that there is only one bank branch for every 50 villages.

6. Inadequate Credit Facilities from Banks: Another constraint is the inadequacy of institutional credit. Rural outlets are unable to carry adequate stocks due to lack of credit facilities. The vicious circle of lack of credit facilities leading to inadequate stocking and loss of business, finally result in poor viability of outlets, getting perpetuated.

Nivea for Men - "The Great Football Experiment"



Nivea has built the profile and brand awareness of its 'For Men' using a marketing strategy that almost exclusively focused on traditional media and channels. However, faced with the ongoing challenge of engaging the male skincare market and recognising the audiences fast growing adoption of new technologies and communication channels, the brand decided it was time to take a more digital-orientated approach to leverage its sponsorship of the England Football Team to reach this male market.

The aim was to launch a campaign that would use digital channels and expertise to further leverage the brand's existing association with football in a way that would resonate with the male target audience. To achieve this, Nivea devised and launched the 'Great Football Experiment'.

Strategy

To achieve this goal, Nivea For Men developed a programme of activity that directly related to many men's personal football experience, combining the passion, excitement and fun felt by the everyday footballer with the dream of fame and elite athleticism.

Supporting a Sunday League football team, the last bastion for millions of failed professional footballers, Nivea For Men provided all of the added extras that an amateur team could never afford. From professional coaching for a season to nutritional advice, physiotherapy and even training on how to do the ultimate goal celebration, all stops would be pulled out to support the team in their Sunday struggle into football stardom.

To leverage this activity among the target online male audience, the team's journey through each challenge and the season would be documented to create a range of viral video content. The content, which would be hosted on the Nivea For Men website, would be seeded widely across social media and digital channels to engage the male audience and create a strong following around The Great Football Experiment.

Execution

To achieve this, the Nivea For Men digital marketing team launched a nation-wide search to find one lucky Sunday League team that would become the guinea pigs of The Great Football experiment. To be selected, entrants were required to record and upload a video of themselves, explaining why they deserved to be at the centre of the campaign. These entries were then shortlisted and opened up to a public vote to find the most worthy team. The winner of the competition was Essex-based, Ivory FC.

Ivory FC embarked on 'The Great Football Experiment' by meeting their FA-qualified coaches, who included ex-England internationals Ray Wilkins and Ray Clemence, and former national manager Terry Venables. To ensure the players stayed in peak condition to make the most of this coaching, they received further professional support from top physiotherapists and nutritionists. Meanwhile, a brand new kit, supplied by Umbro, made sure they looked the part.

To help the team celebrate any improvement in style, Ivory FC was given lessons in the ultimate goal celebrations from Icelandic team, Starjnan FC who have become famous for their imaginative celebrations and skill on the pitch. All of this training and preparation then culminated in a final match against a team of ex-England internationals.

Each step of the team's journey was documented across ten webisodes, charting all the highs and lows of Ivory FC's season on their road to football stardom. As well as hosting each of these episodes on the brand's website, Nivea For Men partnered with several agencies including CMW London, Octagon, Caret as well as digital agency Onlinefire to engage consumers through viral video content across Facebook and YouTube. This content was also placed on a variety of select national news websites and key online men's titles to further promote sharing and engagement among the target audience, ultimately driving brand awareness and visits to the Nivea For Men website.

Results

Following the launch of the campaign, The Nivea For Men Great Football Experiment website received over 600 video entries from Sunday League football teams across the country. This engagement was maintained throughout the selection process, using the audience to vote on and choose the winning team.

Following Ivory FC's selection, the webisodes which were created garnered more than 3.35 million YouTube views throughout the season, helping drive over 1,000 new subscribers to the Nivea YouTube channel. This was supported by more than 65,000 Facebook likes which were generated by the content over the season, growing website traffic by over 200,000 visitors.

Further to this, The Great Football Experiment also secured coverage across online national UK news outlets including theGuardian.co.uk, Mirror.co.uk and TheSun.co.uk, as well as being featured on the websites of ESPN, Match of the Day and Zoo.

Further to this, the Great Football Experiment campaign has won several industry awards, including the a Hollis Sponsorship Award for Best Digital Activation in a Sponsorship Campaign, and more recently the Sport Industry Awards' Best Use of Digital Communications in Sport.

- You are the state head of max new York life insurance co. operating in India permitted to do insurance business. To meet your targets , what marketing mix strategies you are going to apply for coming years.
- FMCG sector is anticipating a huge potential in rural markets. You have been appointed as a consultant by a reputed multinational company in India to advise upon the possibilities / opportunities prevailing in Indian rural markets. Also elaborate on the infrastructural problems prevailing in Indian rural markets.
- You have been appointed to advise upon the preparation of marketing plan by an automobile manufacturer. Draft a suitable marketing plan by covering all the aspects from executive summary to evaluation and control.
- With Globalization , geographical limits of markets have perished and organizations have been compelled to face challenges of international competition. You have assigned the task of environment assessment by a newly established airline company. Prepare environment assessment report based

Q.14 Define MARKETING INFORMATION AND CUSTOMER INSIGHTS.

Ans. Companies use such customer insights to develop competitive advantage.

To gain good customer insights, marketers must effectively manage marketing information from a wide range of sources.

The real value of marketing research and marketing information lies in how it is used—in the **customer insights** that it provides.

Customer insights group collect customer and market information from a wide variety of sources.

A **marketing information system (MIS)** consists of people and procedures for assessing information needs, developing the needed information, and helping decision makers to use the information to generate and validate actionable customer and market insights.

Q.15 Define Marketing Intelligence.

Ans. **Marketing intelligence** is the systematic collection and analysis of publicly available information about consumers, competitors, and developments in the marketplace.

Marketing intelligence gathering has grown dramatically.

Firms use competitive intelligence to gain early warnings of competitor moves and strategies.

Much competitor intelligence can be collected from people inside the company.

Competitors often reveal intelligence information through their annual reports, business publications, trade show exhibits, press releases, advertisements, and Web pages.

Most companies are now taking steps to protect their own information.

Q.16 What is consumer behavior?

Ans. **Consumer behaviour** is the study of when, why, how, and where people do or do not buy a product. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the buyer decision making process, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general.

Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Relationship marketing is an influential asset for customer behaviour analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalisation, customisation and one-to-one marketing. Social functions can be categorized into social choice and welfare functions.

Q.17 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.

Q.18 What Does *Product Life Cycle* Mean?

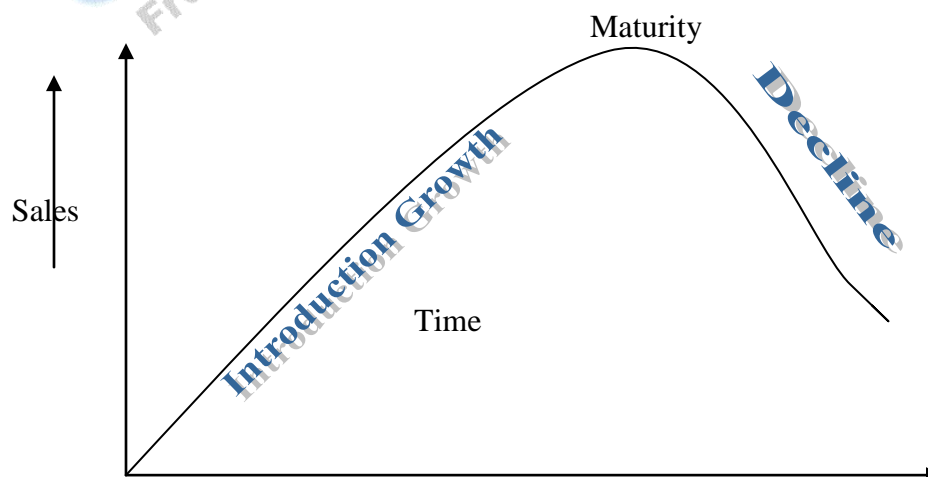
Ans The period of time over which an item is developed, brought to market and eventually removed from the market. First, the idea for a product undergoes research and development. If the idea is determined to be feasible and potentially profitable, the product will be produced, marketed and rolled out. Assuming the product becomes successful, its production will grow until the product becomes widely available. Eventually, demand for the product will decline and it will become obsolete. A marketing theory in which products or brands follow a sequence of stages including : introduction, growth, maturity, and sales decline

Q.19 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.20 What are the different Product Strategy?

Ans. Developing new products or modifying existing products so they appear new, and offering those products to current or new markets is the definition of product development

strategy. There is nothing simple about the process. It requires keen attention to competitors and customer needs now and in the future, the ability to finance prototypes and manufacturing processes, and a creative marketing and communications plan. There are several subsets of product development strategy.

Product Development Diversification Strategy

This strategy is employed when a company's existing market is saturated, and revenues and profits are stagnant or falling. There is little or no opportunity for growth. A product development diversification strategy takes a company outside its existing business and a new product is developed for a new market. An example of this strategy is a company that has sold insurance products and decides to develop a financial education program aimed at college students. The new product is not revolutionary as there are other companies producing similar products, but it is new to the company producing it.

Product Modification Strategy

Product modification strategies are generally aimed at existing markets, although a side benefit may be the capturing of new users for the new product. An example of this strategy is toothpaste. Toothpastes that promote whitening ability or anti-cavity attributes are built on existing plain toothpastes that only promise clean teeth.

Revolutionary Product Development

Revolutionary products are those for which there was no real prior need. Computers and cell phones are good examples. Before these products appeared on the market, consumers did not know they needed them. But, the germ of an idea on how to better communicate resulted in products that have changed the world and have drastically changed the competitive landscape.

Benchmarking the Process

Whatever strategy is employed, the new product development process must be carefully thought through. It also requires a series of benchmarks along the way. These evaluate whether the process should be continued as new product development is usually expensive and time consuming. For example, if a company is in the process of developing a new product and a competitor beats that company to market with a similar new product, the company must make a "go/no go" decision about its own product development options.

Consumers Front And Center

Whatever product development strategy a company selects, consumers need to be front and center and involved in the process from start to finish. Set aside enough budget for consumer evaluation of the new product at the concept, prototype and the final product stage. Make sure you not only include those consumers who represent your primary market, but also those to whom your company might appeal to secondarily.

Q.21 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.

Virgin Media uses technology to improve customer satisfaction



Background

Demand for multimedia services within the home and growing consumer awareness of the choices available to them has created unprecedented competition amongst suppliers of digital television, Internet and telephone services in the UK.

The launch of Virgin Media in early 2007 as the first 'quadruple-play' media company in Britain, offering television, Internet, mobile phone and fixed line telephone services, marks a new generation of multimedia companies determined to address the needs of this growing market.

Formed following the merger of NTL Group (previously marketed under the NTL, Telewest and Virgin.net brands) and Virgin Mobile in 2007, Virgin Media already has over 10 million customers who are now able to receive all their media requirements from one supplier.

Committed to offering its customers a wide range of Internet services to meet the individual requirements of each home, Virgin Media's broadband division combines both cable and non-cable Internet access.

It does this via NTL and Blueyonder's cable-broadband operations and Virgin.net, one of Britain's leading internet service providers (ISP), which offers ADSL broadband connection as well as an award winning web portal.

The challenge

The insatiable appetite for Internet access has resulted in intense competition amongst ISPs and the rapid growth of broadband uptake in the UK, with broadband penetration now exceeding that of the United States and Japan. The challenge for Virgin Media is to attract and retain customers, in the face of competition from other ISPs.

Differentiation can be achieved through both pricing and offering other services as part of its 'quad-play' portfolio, but quality of service and customer satisfaction is the key to growing and maintaining a successful business.

Virgin Media manages approximately 4,000 calls each day from new and existing customers. It uses an outsourced contact centre to manage all front line communications with these customers, whether it be signing up new accounts or general enquiries about service delivery or billing.

The key issue for Virgin Media is to ensure that the quality of both inbound and outbound call handling is the best it can be in order to maximise customer acquisition and retention.

Implementation

In order to obtain a better understanding of the issues that lead customers to sign up or leave Virgin Media, the company decided to take a proactive approach to:

- obtaining customer feedback about its products and services and;
- to monitoring the effectiveness of its contact centre agents during each customer interaction.

"We were looking for a system that would allow us to capture agent and channel performance," says head of telesales and retentions for Virgin Media's non-cable division, Oren Maor.

"We wanted to be able to analyse agent performance by monitoring conversion and retention rates by channel. We turned to Conformat as the only solution capable of

capturing and tracking all the information we sought, including the ability to record resolution codes while agents were speaking to customers.”

Understanding the customer decision making process

Maor initially used Conconfirm to create a system that tracked all calls relating to customer acquisition and new accounts. It allows the outsourced call centre agents to request and capture data about where each inbound call has come from, the reason for the call (response to a promotion, up-sell or cross-sell from another service), and the end result - whether the customer did or did not take on the service.

The agents are also able to capture customer attitude to help them understand why customers fail to take up a particular service if that is the result of the call. All data is fed to Virgin Media’s information management team to facilitate daily, weekly and monthly performance monitoring and trend/change analysis.

The success of the program led Maor to implement a similar system to enable the company to monitor problem resolution and track retention rates more effectively.

The performance of agents managing inbound calls from customers wishing to terminate their service are monitored carefully, with result codes and the reasons behind a customer’s decision to close an account recorded and fed through to the management team in trend reports.

Results

“The Conconfirm system has proved to be a very useful tool for our business,” adds Maor.

“It has not only helped us to understand the performance of our promotions but has also helped us to identify training requirements for our outsourced call centre agents.”

“We are able to monitor specific reasons behind a customer’s decision to leave us and make changes in order to minimise the impact, whether it be changes to our product portfolio or pricing to counteract a competitor offer, for example.”

“Instead of an inbound call requesting account termination being the first time that we learn that a customer is at risk of leaving us, Conconfirm allows us to pinpoint where problems exist and to track any trends that need to be addressed in order to improve retention rates.”

“We have experienced a significant improvement in churn in the first months of using the system and Conconfirm has played a vital role in this increase in performance,” concludes Maor.

How New Look used mobile marketing to treble customer engagement levels



Background

New Look is an international high-street retailer with 613 stores across the UK and a transactional website selling the full clothing range online. It has over 330 stores in France and Belgium, and franchise stores in UAE, Bahrain, Kuwait, Egypt and Saudi Arabia. With approximately 10.5 million customers in the UK alone, New Look has an aggressive customer relationship management approach across both its online and offline channels to guarantee it will be the fashion brand of choice for shoppers.

Strategy

Engaging customers in an interactive dialogue is at the heart of New Look's retail strategy. To enhance its online presence and cater for the increasing popularity of smartphones among its target audience, New Look recently launched a mobile-optimised site. This includes links to New Look TV, allows users to check out the New Look Fashion Blog on the go, check store locations on Google Maps and share their favourite links across social media sites through integrated links to Facebook and Twitter.

New Look wanted to run a campaign that boosted brand awareness and drove customers to visit the new m-commerce platform to coincide with the launch of its mobile website. As part of this strategy, New Look wanted to increase the number of click-throughs and conversions that came from email. To achieve this, it meant improving its use of customer data and implementing a cross-channel marketing approach to deliver a personalised and relevant experience to users across email.

Sita Patel, e-commerce CRM manager at New Look explains, "As we launch our new mobile website, it is imperative that we integrate our data sources to produce co-ordinated campaigns that encourage customers to interact with the brand across all the digital touch points. By providing users with a more targeted experience we can continue to deliver a dynamic and engaging shopping experience. Email is the ideal channel to provide a more personalised approach since it enables users to interact with content, click through to the website and discover more about the brand."

Implementation

New Look had already built holistic data profiles for customers but it wanted to make better use of customer data. To drive mobile users to the new site and increase brand engagement, New Look worked with Responsys to develop a test and learn strategy. This enabled the brand to put in place separate strategies for different types of customers and monitor the responses to understand why certain groups interacted differently with the brand and what could be done to improve communication.

New Look used Responsys Interact Suite to run an email engagement programme that tested the performance of mobile-optimised emails. Responsys provided insight into users' web browsing habits, channel preference and behaviours to identify customers that used mobile devices to view the website. This enabled New Look to automate highly personalised emails that were designed to drive traffic to the new m-commerce site, increase sales and boost customer loyalty.

Responsys enabled New Look to create and measure the performance of two different email types – a mobile optimised version for those users that had engaged with a mobile site, and a standard HTML email for those that hadn't. The mobile version of the email was sent to a list of 1,786 subscribers who had browsed the New Look website on a mobile device during the first three months of 2011. The mobile version was also sent to a sample 10% of the email audience to test its performance against the standard web version.

Results

The campaign revealed that mobile users are significantly more engaged with the brand compared with non-mobile users. The findings highlight that where a user had a preference for using a mobile device to view the website, the average open rate of the mobile optimised email was three times higher than the standard version. In addition, mobile users were compelled to click more than once on the email, with the total number of clicks per responder being 12% higher than the email version.

Sita Patel comments: "As a new school marketer we wanted to create a campaign that encourages customers to click through to the new mobile site. By working with Responsys we are the first retailer to co-ordinate SMS triggering, automation and fully integrated mobile reporting to test the effectiveness of mobile optimised emails. The results showed the effectiveness of developing personalised emails. Overall, we saw a 300% increase in programme performance for mobile-optimised campaigns delivered to the "mobile" segment, indicating that a combined digital campaign and targeting strategy is more successful in engaging with customers across the interactive channels."

Q.22 Define Target Marketing .

Ans. Target Marketing involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments.


Target marketing can be the key to a small business's success.


The beauty of target marketing is that it makes the promotion, pricing and distribution of your products and/or services easier and more cost-effective. Target marketing provides a focus to all of your marketing activities.

So if, for instance, I open a catering business offering catering services in the client's home, instead of advertising with a newspaper insert that goes out to everyone, I could target my market with a direct mail campaign that went only to particular residents.

While market segmentation can be done in many ways, depending on how you want to slice up the pie, three of the most common types are:

- Geographic segmentation – based on location such as home addresses;
- Demographic segmentation – based on measurable statistics, such as age or income;
- Psychographic segmentation – based on lifestyle preferences, such as being urban dwellers or pet lovers.




Undifferentiated Marketing (Mass Marketing)		Focuses on what consumers have in common rather than what's different. The original Coca-Cola was marketed to everyone.
Differentiated Marketing (Segmented Marketing)		Prepares many separate offerings for many different markets. Coca-Cola today offers dozens of different kinds of coke, including this one that I drank safely when I was pregnant - no caffeine, no sugar.
Concentrated Marketing (Niche Marketing)		A product for one small group. The drink Clearly Canadian is aimed at a very small target market.



<p>Micro Marketing (Local or Marketing)</p>		<p>One special bottled drink for one special person or group. A soft drink manufacturer might bottle a drink in a special memorial bottle for a local high school to sell at a fund-raising event. This would be micro-marketing.</p>
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Q.23 Define Positioning.

Ans. A marketing strategy that aims to make a brand occupy a distinct position, relative to competing brands, in the mind of the customer. Companies apply this strategy either by emphasizing the distinguishing features of their brand (what it is, what it does and how, etc.) or they may try to create a suitable image (inexpensive or premium, utilitarian or luxurious, entry-level or high-end, etc.) through advertising. Once a brand is positioned, it is very difficult to reposition it without destroying its credibility.

In the positioning task, the important thing in the real world is to know what dimensions of your product are most important to the consumer and to concentrate on those. A positioning map with price and quality is obvious; try to think of one that is particular to your product class. Don't waste time on unrealistic strategies -- we'll make the highest quality thingamajig and sell it at rock bottom prices. Think realistically. Below are some common dimensions for some common consumer products.

<p>Shampoo dandruff control –harsh or light perfume level conditioner included or not</p>	
<p>Beer high or low calorie dark or light domestic or imported brand name or store brand</p>	
<p>Watch sporty versus dress gadget-ridden or simplicity itself level of accuracy (does a 3-year-old need a watch accurate to a millisecond?)</p>	

<p>Furniture sturdy, long lasting antique or contemporary heavy or light service level delivery options</p>	
<p>Dog beds warmth, portability, ease of washing price may not be a particularly important variable - how much is the doting owner willing to pay?</p>	

Q.24 Define Branding.

Ans. To understand **branding**, it is important to know what brands are. A brand is the idea or image of a specific product or service that consumers connect with, by identifying the name, logo, slogan, or design of the company who owns the idea or image. Branding is when that idea or image is marketed so that it is recognizable by more and more people, and identified with a certain service or product when there are many other companies offering the same service or product. Advertising professionals work on branding not only to build brand recognition, but also to build good reputations and a set of standards to which the company should strive to maintain or surpass. Branding is an important part of Internet commerce, as branding allows companies to build their reputations as well as expand beyond the original product and service, and add to the revenue generated by the original brand.

When working on branding, or building a brand, companies that are using web pages and search engine optimization have a few details to work out before being able to build a successful brand. Coordinating domain names and brand names are an important part of finding and keeping visitors and clients, as well as branding a new company. Coordination of a domain name and brand names lends identification to the idea or image of a specific product or service, which in turn lets visitors easily discover the new brand.

Branding is also a way to build an important company asset, which is a good reputation. Whether a company has no reputation, or a less than stellar reputation, branding can help change that. Branding can build an expectation about the company services or products, and can encourage the company to maintain that expectation, or exceed them, bringing better products and services to the market place.

Q.25 Define Competitor analysis.

Ans **Competitor analysis** in marketing and strategic management is an assessment of the strengths and weaknesses of current and potential competitors. This analysis provides both an offensive and defensive strategic context through which to identify opportunities and threats. Competitor profiling coalesces all of the relevant sources of competitor

analysis into one framework in the support of efficient and effective strategy formulation, implementation, monitoring and adjustment

Competitor analysis is an essential component of corporate strategy. It is argued that most firms do not conduct this type of analysis systematically enough. Instead, many enterprises operate on what is called “informal impressions, conjectures, and intuition gained through the tidbits of information about competitors every manager continually receives.” As a result, traditional environmental scanning places many firms at risk of dangerous competitive blindspots due to a lack of robust competitor analysis

Q.26 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.27 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.28 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.29 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.

Q.30 What is Product?

Ans. The end result of the manufacturing process, to be offered to the marketplace to satisfy a need or want.

1. A good, idea, method, information, object, or service that is the end result of a process and serves as a need or want satisfier. It is usually a bundle of tangible and intangible attributes (benefits, features, functions, uses) that a seller offers to a buyer for purchase.
2. **Law:** A commercially distributed good that is (1) tangible personal property, (2) output or result of a fabrication, manufacturing, or production process, and (3) passes through a distribution channel before being consumed or used.
3. **Marketing:** A good or service that most closely meets the requirements of a particular market or segment and yield enough profit to justify its continued existence.

Q.31 Define Product policy.

Ans. Product policy is concerned with all aspects of the design of the market performance. The product or the service of a company is the exchange object which should offer a specific advantage to the demander. Specifically, these include the product design, product quality, brand policy, product policy, the packaging, the name of the product, the customer service and the warrantee policy (Weis, 2004, p.115). The specific characteristics of electronic markets also influence the design of market performance. Above all, the constant availability and the ability to digitise a product or a service determine the online product policy. An increasingly important aspect of product policy is the service policy, because personalised services are components which are immaterial and good to digitise

Q.32 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.33 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.34 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.35 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

CASE STUDY

The Maggi Brand in India Brand Extension and Repositioning

Case Background

Nestle India Limited is the market leader in Indian Noodle Market with its Maggi Brand of Noodles which was pioneer brand launched in 1983 in the packaged food market of India. It took the challenge and established Maggi in Indian market considered to be conservative and typical about food consumption. It appropriate realization of target segment, effective positioning and effective promotion and sales made Maggi to Noodles in India as Xerox it to photocopier. NIL had introduced sauces, ketchups and soups under Maggi brand to reap benefit of brand popularity and image and contribute to financial gains by 1990. Maggi also became successful in sauces, ketchups and soups Market in India. Though NIL tried to extend to other ready to eat products like pickles, cooking aids and paste, It was unsuccessful so dumped those products. Maggi Brand of products sustained recession in 2000 and 2001 in India by introducing economy packets.

To fulfill novelty needs of customers and revitalize Maggi Noodles Brand NIL made different attempts by introducing new formulation to new taste but customers resisted change and Maggi had to reintroduce Maggi Noodles in same taste. Maggi Noodle had till 2005 five product line on noodles with four variant in Maggi 2 Minutes Noodle. In 2006 in compliance with NIL target to be "health and Wellness Company" Maggi repositioned it as health and taste food products. NIL has also introduced with taste and product line in Sauces and Soup Market under Maggi to catch new segment, revitalize brand, compete with other producers and fulfill expectation of customers.

In 2005 Maggi brand worth was 3.7 billion from 1.7 billion market worth in 1.7 billion in 2003. Maggi Noodle is Market leader with around 80% market share in Noodles/Pasta and Maggi Sauce is market leader with almost 37% of market share in 2005 in 1.8 billion market of India. Knorr has taken over Maggi in Soup market recently.

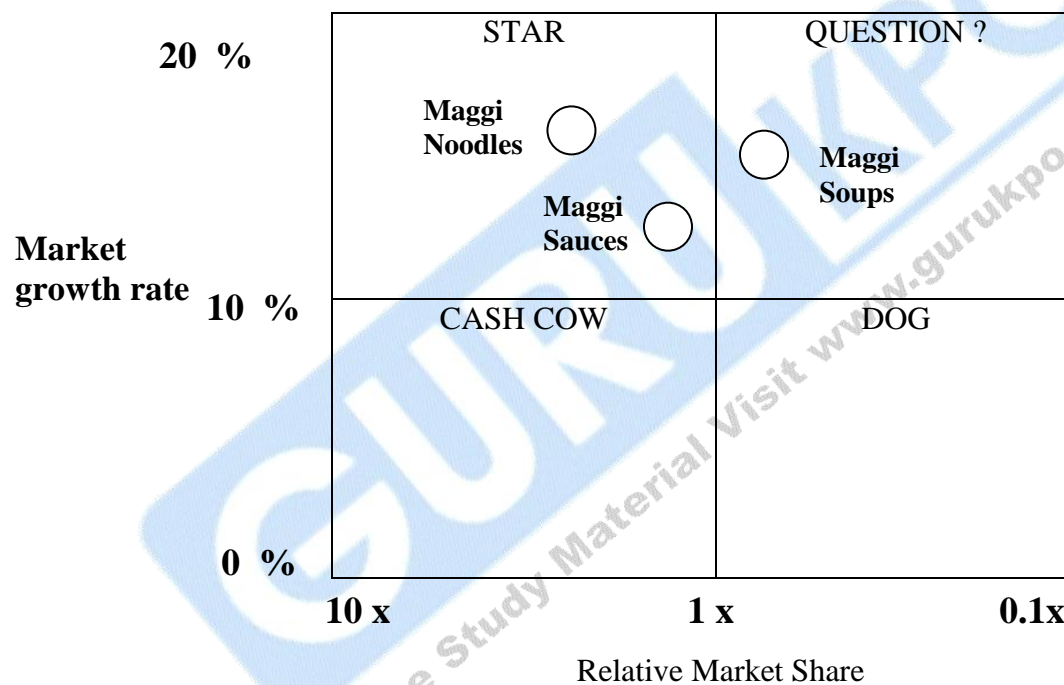
In 2005 Maggi was the highest spender in the Promotion and Sales in the Indian Market in the Noodles Category.

Maggi is competing with Heinz Sauces and Ketchup, Knorr Soups, Kissin Sauces and Ketchup, Top Ramen, Sunfeast Pasta Wai Wai and 2 PM in corresponding categories of products and variants

Key Issues

- How Nestle India Limited is ahead in Noodles Market with brand Maggi since 1982
- How NIL extended it's brand and line of products to leverage the brand and established Maggi as family brand.
- NIL's positioning and repositioning strategy to catch market and consumer expectation.
- How to continue NIL capability to Maintain Point of Difference (POD) and Point of Party (POP) while brand extension and repositioning.
- Maggi's challenge to protect it's market leader position in situations where there is emergence of competitors like Hindustan Lever Limited, Indo Nissan, ITC, Dabur India, Heinz are competing with their corresponding brand on the product category.

BCG Martix (Maggi Brand Products in 2006)



STARS : Maggi Noodles is the market leader with 80 % market share in Noodles Market and Maggi Sauces and Ketchup is leader with 37 % market share. The products are producing cash for the company consistently. The Market is growing by 15 % in the Product Category of Noodles.

QUESTIONS ? : Maggi Soups is the category which is in Question mark as the market is growing and the brand has less market share than market leader Knorr brand of Hindustan Lever Limited. There are more chances for Maggi Soups to go to dog if it does not stay competitive and increase market share in the category.

SWOT Analysis of Maggi as Brand

Strengths

- Established Family Brand
- Strong Global Corporate Brand (NIL)
- Specialization in food processing category marketing and distribution in Urban market
- Presence of other product segments of food category : Dairy Products, Chocolate, Infant foods
- Pioneer and Leader so 1st mover advantage in Noodles, Sauce, Ketchups and Soup market.
- Nestle symbolization of warm, family & shelter.
- Research and Development Division in India
- New Noodles Plant in Uttarnchal

Weakness

- Generic Brand to Noodles in India
- Low rural market presence constraints
- Uniform Brand for all food category
- Brand Proliferation

Opportunities

- Growing package and canned food market in India by 15% annually.
- High brand awareness of Indian consumer
- Other product category like Biscuits, Chips and Ready to Eat Market still unexplored.
- Opportunity to be substitute to other snacks category of food products.

Threats

- Competitors with long history in product category Internationally like, Heinz Sauce and ketchups of Heinz Indian, Top Ramen in Noodle and
- Knorr Soups.
- Single product focused competitors like Heinz sauce and Wai Wai Noodles.
- Less Entry Barriers in the Market segment for product category
- ITC's strong base in Indian Market.
- Substitute Product to Product Segment.

Possible Alternatives

Strengthen and use the Distribution : NIL should focus on distribution channels and use of the distribution channel to expand it's market to Rural India with products targeted to the market. It is the way it could increase it's volume of sales.

Increase the Usage of Maggi Brand Products: Since Maggi Noodles and Maggi Sauce is market leader it has to adopt strategy to increase the usage of the product to protect it's market share. As it cannot further grow sales drastically in the same segment, only way is to increase product usage like Noodles for breakfast Ketchups in biscuits.

Lunch Health Awareness Promotion Campaign : NIL should launch Health Awareness campaign to educate consumers about the benefits of health food. It could sponsors health camps, publish health information.

Enter into other product category like Biscuits, Chips and Snacks with New Brand : To enlarge it's domain, NIL should enlarge it's product segment. It would spread economies of scale to customers in the form of price.

BEST COURSE OF ACTION

Introduce different new brand or acquire emerging brand in biscuits, chips and snacks category.

Maggi though has been able to differentiate itself from other Noodles, Maggi being taken as generic to Noodles is hampering other extended product category. Competitors have high grounds to capture the market differentiating then from being Maggi. It makes others possible product category vulnerable if lunched under Maggi. So to avoid proliferation of brand and introduce new products to capture opportunities in other snacks and ready to eat product category NIL has to introduce new branding strategy.

As pasta of ITC has been seen as products capturing the market of noodles and Maggi failing to lunch pasta under Maggi brand also support the argument for new brand introduction by NIL.

As Indian Market is Brand conscious, other competitors are coming up with more Indianized brand of products, and as Indian being more aware of their culture and large segment being typical and conservative about their culture, there care more chances that NIL would be successful if it create a brand close to Indian culture in wording to positioning. As India is growing, Old Indian Brands are also regaining momentum worldwide, NIL could catch the trend of market.

By doing so, NIL could avoid the draw backs associated with the Maggi brand. It could position new brand in competition with other competitor's brand where there is no fit of product with the Maggi brand.

NIL other option is acquiring products manufacturers of different products like biscuits, chips and snacks as it is very essential for it's market leader position. Other companies have advantage of such products. ITC has biscuits to it, Hindustan Lever has tea to it. India is huge market where distribution advantage plays major role and economies of scale pays back. So it's is important for NIL to concentrate on other ready to eat category to benefit consumers from economies of scale reflect in price.

TV project lights up Currys for Philips



The challenge:

The Ambilight television from Philips provides a continuous surround lighting effect by projecting light independently from all four sides of the screen. The challenge for leading point of purchase agency, id*a, was to create an appropriate environment to successfully demonstrate Ambilight in 106 Curry's stores.

The display is surrounded by an integrated canvas that concentrates the light effect around the set creating the impression that the screen is floating when wall-mounted.

The canvas offered unrivalled flexibility by allowing the consumer to mount the set wherever they desired – and still benefit from the white surround that enhances the full impact of Ambilight.

Recreating the very atmospheric domestic experience that Ambilight affords was not going to be easy in an already well-illuminated store setting. The product required its own wall where its benefits were communicated in a more sophisticated way.

The solution:

id*a's solution involved a white fixture wall from which to suspend the Ambilight using Philips' own wall brackets, with a High Definition generator located in a box on the base plinth. A branded pelmet helped reduce glare from ceiling lights allowing the full effect of Ambilight to be seen.

Consideration was taken with regard to the retailer by fitting Dixon Store Group point of sale panels. The overall look used clean lines to feature three screens simultaneously with the light effect given maximum visibility.

The timing of this project was key, as Philips was keen to ensure that the finished displays were in store for the start of the World Cup. This was possibly the main sales opportunity for flat screens through the year and was made doubly crucial given Philips role as a World Cup sponsor.

The result:

id*a achieved 100% compliance via expert teams of fitters visiting stores and tailoring equipment on site to suit six different store formats. Careful handling was a given!

A spokesperson for Philips, Europe's leading flat TV manufacturer said: "Sales of Ambilight exceeded targets, with one million product set to be sold by the end of 2006. Because of that and to tie in with this campaign, we have briefed id*a to develop a range of fixture enhancements including innovative illuminated headers using new technology sourced from the Far East to create moving images."

Senior Category Product Manager – LSTV, David Bland added, "I would also like to highlight the fact that in the past three weeks, we have achieved the highest levels of Ambilight sales ever within our business, in no small part due to the fantastic displays instore."

Nike Branding Case Study**Introduction**

In ancient Greek mythology, "Nike" referred to the winged goddess of victory, symbolizing 'honored conquest' on the battlefield. When Phil Knight and Bill Bowerman founded Nike in 1972, they aspired to instill this myth in each of products. Initially, Nike focused on high quality running shoes but quickly branched to all types of sportswear. Their aim was not only to help the worlds greatest athletes find new levels of achievement, but to also morph the average individual into a new realm of Nike athleticism. Knight and Bowerman wanted individual consumers to believe that by buying Nike, they would achieve happiness, success and power. The NikeStore in downtown Toronto is consistent with this Nike ambition. As a profit-driven enterprise is uses myth in its design, advertising and branding strategies to interpolate its customers into purchasing merchandise.

Store Layout Techniques

The design of the NikeStore utilizes standard in-store techniques to increase the probability of customer purchases. When walking into the store, the most striking element is its highly structured and symmetrical layout. Each sport is given its own section, which is organized by product-type and color. It is made to appear that there are tiny stores within one larger store. This

is also achieved by the wall and floor color schemes, which also changed depending on the sport displayed. Swimming, for example, had aqua walls and a blue rubbery floor, similar to what you would find next to an actual swimming pool.

Segmentation

These tactics served three purposes. First, by having different sections for each sport, Nike generated additional markets for each consumer. It facilitated customers' belief that they need clothing for every sport they were involved in. It made consumers forget that Nike running shirts serve the same purpose as Nike yoga shirts. The goal is to create additional markets in one consumer. A second purpose is it disembodies the potential consumer from the store. By designing a swimming section actually appear like a swimming pool, Nike facilitates spending by creating space that appeals to the imagination. This strategy is also connected to the reason Nike wanted their walls, floors and ceilings to be dark and unsuspecting. Nike wants the focus to be on the merchandise and decor, which takes the consumer away from the store and into an imaginary, mythological realm. Finally, the third purpose that this strategy serves is to create a maze-like atmosphere. This is especially characteristic of the bottom floor of this NikeStore. By having different sections, the consumer maneuvered in disjointed confusion. This technique forces the consumer to view all the merchandise before finding the exit. Thus, Nike's use of color, space and architectural strategies are designed to reap profits.

The advertising strategies in the NikeStore are more complex than its design tactics. Although both aim to mystify the consumer into purchasing Nike wear, advertisements are a more apparent ploy to interpolate the customer. The individual may be unable to know the meanings behind each but they are drawn to them because they give "'life' and 'meaning' to otherwise meaningless or lifeless objects."

Athletes

The first NikeStore advertising campaign captured professional athletes dressed in sport specific Nike gear. These were found both in video advertisements as well as in larger than life-sized, lit posters, with little or no writing, except of course for the "Nike Swoosh." These posters were photographs of two different categories of athletes. The first category featured color photos of present day Olympic athletes, which targeted a younger audience who might feel a sense of achievement in buying the clothes of an Olympian. The second groupings were black and white photos of high performance athletes in their younger years. These photos likely targeted an older audience who might feel a sense of nostalgia and comfort by seeing their favorite childhood hockey players such as Kovalchuk and Naslund. These advertisements capitalized on the power of suggestion. Nike knows they do not need to show their products because the myth associated with the athletes speak for themselves. Just by having these athletes wear Nike clothes, they believe they can trust the Nike image.

Science

The second advertising campaign that the NikeStore utilizes is product description in both video and poster forms. This tactic appears to be in opposition to the first because the advertisements describe the function, design, and technical merits of a particular Nike product, as well as displaying an oversized visual of it. Although it is less apparent, these advertisements do embody a certain myth. For items such as the Nike One golf ball, Nike knows that the average consumer would not notice the difference between Nike balls over the competitors. By using technical jargon, Nike exemplifies the myth of science which stems from the Enlightenment era and the

scientific revolution. Nike knows that science is trusted as an objective measure and is thus a powerful marketing tool to entice consumers to purchase products.

Anti-Corporate Appeal

The final strategy that the NikeStore uses is “graffiti” advertising, which was found as a display in the women’s casual-wear section. The design had red painted walls, cursive font and words such as “zoom, speed, rush, and burn it”, across the glass. This type of advertising is quite different from most capitalist corporations. As discussed in Alicia Rebensdorf’s article, Just Fake It, Nike is using an anarchist, “graffiti aesthetic” to “reinforce the company’s hip, antiestablishment image”. These advertisements interpolate and thus falsely mystify the consumer into believing that Nike is unlike other greedy corporations. However, it is apparent that Nike is trying to diversify its audience by attracting a new anti-Nike market to increase their sales.

Semiotics (Signs)

Nike’s advertisements can be interpreted in countless dimensions because of their denotative and connotative meanings. This makes them powerful marketing tools because their meanings are highly ambiguous and thus ultimately have personal meaning with every individual consumer. However, the reality remains that the influence of advertising is negligible in comparison to Nike’s branding enterprise. Over the last two decades there has been a paradigm shift in the marketing industry. Where it was once standard practice to market products, corporations now market brands. The Nike Swoosh is arguably one of the most recognizable and demanded logos in the world. Similarly to the name “Nike,” the Swoosh is rooted in ancient Greek mythology, representing the wing of the Greek Goddess, Nike, which, as previously mentioned, ‘embodies the spirit of the... most courageous and chivalrous warriors at the dawn of civilization.’ The reality of the Nike Swoosh is that it is nothing more than a meaningless check mark. Thus, Nike must embed its myth by associating it with superstar athletes, business endorsements and community projects. As a corporation, Nike uses its NikeStore’s as outlets to remind consumers what Nike and the Nike Swoosh represent worldwide. The NikeStore in downtown Toronto was no exception. It attached Swooshes and branding memorabilia attached to every nook and cranny available.

Jordan & Nike

Michael Jordan is the most recognized strategy of Nike branding. As Nike founder Bill Knight stated, “you can’t explain much in 60 seconds, but when you show Michael Jordan, you don’t have to.” He is a “superbrand,” embodying a rare combination of power and prestige with humanism and morale. When Nike marketed their new line of clothing named AIR JORDON, which displayed not only a Nike Swoosh but also an emblem of a miniature Jordan suspended in air, Nike knew that every message Jordan had been associated with, would streamline directly into the merchandise. The NikeStore in downtown Toronto utilizes the Jordan myth and brand name, not only by displaying the Swoosh on walls, as clothes hooks, and on all products, but also by creating an interactive portal into basketball history. The user spun an actual basketball in order to light up the AIR JORDAN shoe from a given year. This was the only interactive display in the NikeStore. In fact, after a new renovation, the store felt it was the only display worth keeping. This clearly shows that Michael Jordan is a gem to the Nike brand. Nike understands that customers will purchase more merchandise by associating Jordan ideals with Nike products.

The Community

Nike also branded itself by associating the Swoosh with community projects. The Nike website features an e-newsletter called Nike Responsibility. The Winter 2004 issue displayed Nike contribution such as “Giving Workers a Voice,” “Poverty Alleviation” and also “Increasing

Physical Activity Among Young People.” This final feature was utilized by the Toronto Nike Store. The film stated, “Children have shorter life spans than their parents because of inactivity and diet” — “Here’s how we’re doing”. It then proceeded to list its Head Start Initiatives, PE2Go initiatives, and Custom Programs. It cannot be denied that these programs should be commended because they are helpful to communities but it also must be understood that these contributions are not selfless acts. Nike is generating huge profits from the images these initiatives portray. With every publicity stunt, newsletter, or television advertisement that mentions these Nike programs, the Swoosh and the Nike brand become embedded in the myth of good-heartedness and generosity. Nike thus extends itself from a realm of products and profits to a charitable foundation. “If you have a body, you are an athlete”

Conclusion

Nike Founder Bill Bowerman’s statement is congruent with Nike’s design, advertising and branding techniques because of its multi-dimensional meanings. Bowerman wanted to inspire a global participation in sport, however connotatively, he was alerting the world, “if you have a body, you are potential Nike customer”. These two-tiered interpretations are similar to Nike’s use of design, advertising and branding techniques found in the downtown NikeStore. Their aim is to target an audience by creating myths to appeal to their particular ideals. Nike does not run free and clear with its dubious strategies, however. These tactics are constantly critiqued by anti-Nike discourse that wants to reveal the truth behind Nike’s self-portrayal as a conscientious corporation. Activists such as Ad-Busters have used ad campaigns to defraud Nike and its Swoosh by making the public aware of their labor injustices and sweatshop scandals. These groups aim to debunk the Nike myth. They want to show that the ideals of power and prestige are not naturally part of the Nike image and that billions of dollars are spent to coerce the public into purchasing their brand name and product.

Assignment

Choose a product or service that you feel is well-branded. Visit their website and gather enough information to write a 2-3 page synopsis of what they have done for successful branding. Your choice of that product or service is wide open. You might even visit a particular store and compare it to the NikeStore’s physical presentation; i.e., Toys ‘R Us, Hollister, etc.

Use the NIKE study, above, as a guideline to what should be included. Realize the NIKE study is NOT a COMPLETE case study, as it does not begin with branding concepts and ideas and end with a follow-up consumer survey and data report. It does, however, contain enough info for us to comprehend some important strategies that have led to the successful branding – and marketing -- of the product. Yours should roughly contain similar information.

- Maruti Suzuki is a known brand in Indian car market. Critically evaluate the marketing strategies of Maruti – Suzuki with other car manufacturers in India. Has there been any change after opening up of car market for foreign manufacturers? Also identify the major competitors and their possible threats / challenges to Maruti Suzuki.
- A soap manufacturing wants to launch its toilet soap with a brand name ‘Sarvodaya’ in rural areas. How it should proceed. What should be the marketing strategy in terms of product planning, pricing, promotion and distribution.

- A five star hotel has just established in Jaipur. The hotel management is keenly interested in setting certain standards for efficient services , and highest level of customer loyalty. Advice the hotel management the suitable steps.
- A company wishes to launch new toothpaste , which can effectively prevent tooth decay and cavities. The market is highly crowded with multiple brands. You have to evolve a suitable communication strategy. Which appeal will you use and why?
- A leading multi-national fast food company wants to enter the Indian market. Company hires you as its marketing consultant to identify the product lines , selling outlets , pricing and promotional strategies. Submit a detailed report.

Q.36 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 turn 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.

- Mission – Sales goal & objectives
- Money
- Message-Executive, generation, selection
- Media – Media vehicles, media types, reach, frequency
- 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.37 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.38 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.39 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.40 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.41 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.
- (i) For unloading accumulated inventory
- (ii) For overcoming seasonal slumps.
- (iii) For getting new accounts.
- (iv) For retrieving lost accounts.
- (v) As a support & supplement to the advertising effort.
- (vi) As a support & supplement to the salesmen's effort.
- (vii) For persuading salesman to sell the full line of products.
- (viii) 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.42 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.
Teleshopping – Eg. Asian sky shop, teleshopping network, united Teleshopping.

Q.43 What is eMarketing?

Ans. Very simply put, **e Marketing** or electronic marketing refers to the application of marketing principles and techniques **via electronic media** and more specifically the Internet. The terms **e Marketing, Internet marketing** and **online marketing**, are frequently interchanged, and can often be considered synonymous.

E-Marketing is the process of **marketing a brand using the Internet**. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers.

E-Marketing, e-Marketing, or Electronic Marketing is the act of trying to achieve marketing objectives through electronic or digital means. Most e Marketing campaigns are performed through the use of Internet-based content, such as e Newsletters and emails. See also Internet Marketing.

Q.44 What is Interactive Marketing?

Ans. Interactive Marketing refers to the evolving trend in marketing whereby marketing has moved from a transaction-based effort to a conversation. John Deighton argued that interactive marketing features “the ability to address an individual and the ability to gather and remember the response of that individual” leading to “the ability to address the individual once more in a way that takes into account his or her unique response”(Deighton 1996). Interactive marketing is not synonymous with **online marketing**, although interactive marketing processes are facilitated by internet technology. The ability to remember what the customer has said is made easier when we can collect customer information online and we can communicate with our customer more easily using the speed of the internet. Amazon.com is an excellent example of the use of interactive marketing, as customers record their preferences and are shown book selections that match not only their preferences but recent purchases.

Interactive Marketing - Customer Involvement In Brand Building

Interactive Marketing allows customers and prospects to participate in the process of building a brand's image in a certain market or target group's minds. Thanks to the consumer's ability to "interrupt" a brand's communications and to complement or modify its messages to fit his or her perception, the process of building the brand itself is crowd sourced among its main target group, with or without the brand manager's intervention.

A brand that only communicates with its consumers via massive one-way media is having a monologue and may not be heard actively by its audience. Interactive Communications take place when both sides pay attention to the other, and a dialogue exists. Basis for a good interactive dialogue is the ability to interrupt the other party at any time.

Q.45 Define Market Research.

Ans. Market Research is a systematic, objective collection and analysis of data about a particular target market, competition, and/or environment. It always incorporates some

form of data collection whether it be secondary research (often referred to as desk research) or primary research which is collected direct from a respondent.

Q.46 Write a short note on Marketing Research and Marketing Information Systems.

Ans. Marketing Research is defined as: the systematic design, collection, interpretation, and reporting of information not currently available, to help marketing managers solve specific marketing problems or take advantage of marketing opportunities.

In other words, marketing research is the process of defining a marketing problem and opportunity, systematically collecting and analysing information, and recommending actions to enhance an organisation's marketing activities. It is the function that links the consumer (customer) and public to the marketer through information.

To supplement the process of marketing research, marketing managers make use of a Marketing Information System (MIS). The Marketing Information System is a framework for day-to-day management and structuring of information gathered regularly from sources both inside and outside an organisation. MIS provides a continuous flow of information considered relevant to marketing managers.

Two important sources of information are:

1. **Internal records** - for example invoices, consumer databases, inventory, etc.
2. **Market intelligence or information** - a regular information on market development in the marketing environment.

The main focus of MIS is on manager's information requirements i.e what information is required and why; how it can be stored and retrieved; and the framework for achieving these. Special attention is placed on expediting the "flow" of information. Both marketing research and MIS are measured by their ability to efficiently improve a marketing manager's ability to make decisions. The cost of carrying out the marketing research must be weighed against the benefits derived. We must evaluate the value of the information. It is also important for marketing managers to approach the research in a logical manner, as the difference between good and bad research depends on the quality of the inputs, amongst others.

To ensure appropriateness of marketing research, marketing managers should give due consideration to the following:

- * Research must be conducted in a systematic manner that involves a series of steps and activities.
- * Data may be retrieved from different sources and care has to be exercised in selecting the most appropriate/reliable sources.
- * Research may apply to any aspect of marketing (any of the marketing mix variables, segmentation, targeting and positioning, consumer behaviour etc.) that needs information for decision-making purposes.

Case Study

How Argos boosted its Email Marketing results



Argos customers who have purchased online for home delivery or reserved online for in-store pick-up were sent a branded email thanking them for their purchase and asking them if they wanted to review the products they recently purchased.

To maximise response rates, every email was sent approximately two weeks after purchase, giving customers' time to use the product but with it still being front of mind.

Instead of sending one generic email to each customer, Argos utilised dynamic content so that each email generated was unique to each individual depending on what products the recipient had purchased.

After the product had been reviewed and moderated by Bazaarvoice, they were uploaded onto the website within 72 hours, allowing Argos to engage customers directly with highly targeted, personalised content, providing communication on an individual level with the objective of boosting response rates, generating customer reviews for multiple products and driving sales of reviewed products.

This campaign involved an advanced automated data programme, implemented specifically to populate the dynamic email content.

At the outset, data company Planning Inc were employed to work on the data, selecting only consenting customers, supplying the data to eCircle which was then uploaded into eCircle's email broadcast software eC-messenger.

Based on this data, personalised email content could simply be generated for each recipient and sent out on an automatic basis, ensuring relevance and timeliness.

"We generated hugely impressive click through rates of over 34% and open rates of almost 25% thanks to the relevancy of the campaign" Grant Baillie, Multi-Channel Customer Retention Manager, Argos.

In the dynamic world of web 2.0, brands must recognise the power of the consumer so Argos's customer review programme embraces this by giving them the chance of writing a review.

By creating this initial dialogue, Argos can build on these relationships, guaranteeing that they are long-lasting and profitable, allowing them to use the reviews for future re-targeting campaigns and help with building an accurate profile for each user in Argos's database.

An initial target was set by Argos to generate 209,000 product reviews in six months. In the space of just four months, they had already generated 203,095 reviews.

This unique and innovative campaign won the Best Use of Email at the prestigious Revolution Innovation Awards 2009, and was shortlisted for the Best Use of Email award at the NMA Effectiveness Awards.

HP teams up with singer Plan B to promote Beats Audio technology



Background

HP set up a partnership with singing sensation Plan B to promote the Beats Audio technology incorporated into HP laptops (in particular, the HP Premium model). In a video, the singer explains how he wrote one of his hits with help from his band. Co-funded by Intel, the initial campaign ran extensively across YouTube. A similar collaboration with Microsoft demanded a different approach to set it apart from the original version.

Strategy

M2M, HP's media planning agency, chose to work with SAY Media to carry out a targeted campaign across relevant sites within SAY's premium network. HP was particularly attracted to the quality of SAY's creative execution, the scale of its network and the fact that it could select a top tier custom site list for the campaign.

With the focus on Beats Audio, the campaign was designed to engage a music and entertainment audience. The aim was to generate views of the Plan B video and other featured artists and encourage 'Likes' on the HP Facebook Artist Lounge page, thereby

generating awareness of the HP Premium laptop incorporating Beats Audio technology.

Implementation

HP decided to run the campaign across SAY's music and entertainment network of premium sites, using SAY's next generation Ad Frames 3 (AF3) display unit incorporating a full browser takeover. Rolling over the AF3 unit that contained an image of the laptop and a teaser of the Plan B video, a full-page window opened that literally 'took over' the screen immersing the viewer in the HP environment. To ensure the best user experience, it was also clear that the viewer could return to the original page, quickly and easily. HP was the first brand to use the increased functionality of AF3 in the UK.

The full-page window presented the viewer with a 360-degree image of the HP Premium laptop alongside the Plan B video. There were also a number of other music and entertainment videos to choose from, which had been created for an earlier campaign in conjunction with The Guardian. This provided more choice for the viewer, while taking advantage of great assets that HP had already created. There was also a clearly signposted link to HP's Artists' Lounge page on Facebook.

Results

The campaign achieved a strong click through rate to HP's Artists' Lounge of over 2%, but the really impressive outcome was the level of engagement with the audience. Against an overall category average of 19.5 seconds, viewers of SAY's HP creative spent an average of 35 seconds engaging with the content. Furthermore, the longer-form (four minute plus) Guardian-branded videos achieved an outstanding completion rate of almost 50%.

In total, more than 160,000 direct viewer interactions took place with the advert, with the videos being viewed in excess of 200,000 times. Meanwhile, over 3,000 click throughs to HP's Artists' Lounge page on Facebook were achieved.

"The custom site list helps deliver an audience that is more likely to engage with the advert, meaning that you're automatically getting the right people to opt in," explained SAY Media's Lawrence Horne, Account Director.

HP demonstrated its roots in innovation by being the first brand in the UK to exploit the greatly enhanced performance of SAY's AF3 platform. Online audiences may have encountered AdFrames before, but to seamlessly be taken to a fullscreen ad was something new and impressive, and certainly helped boost engagement levels for HP.

How HP used shopping community to test printer series directly with users



Background

HP developed its new energy efficient Officejet pro 8000 and 8500 printer series in response to the need for businesses to reduce their carbon footprints. The eco-friendly printers are particularly notable for their energy consumption, which is around 50% lower than the majority of laser printers on the market.

The multi-function devices also have a variety of features including automatic document introduction, copying, scanning and fax capabilities.

At a cost of around 600 Euros, the Officejet pro provides an efficient and cost-effective solution for both SMEs and larger organisations looking for a good value solution that is also environmentally sound.

Strategy and implementation

The internet has become a trusted tool for shoppers looking for product purchasing advice. HP wanted to find a way to engage directly with its end user and gauge their opinions and perspective on the new product before its formal launch. By doing so, HP aimed both to improve the product and also to increase brand loyalty from its target audience.

With this in mind HP embarked upon an innovative review project with Ciao.de, the German arm of Ciao, Europe's largest online shopping portal. The objective was to generate user involvement through an exclusive partner integration and call to action giving users the chance to pre-test products.

Ciao community members – from printing enthusiasts to business owners and the man-on-the-street – were invited to put themselves forward for selection as one of ten members who would trial the new 8000 and 8500 series for free ahead of the product launch, creating their own product reviews which would then be made available on the Ciao portal.

Competition to take part was fierce among the Ciao community. Those selected were given the chance to put the new printer series through its paces for two weeks to see whether it lived up to its energy saving and multi-functional claims.

Results

Bringing the Ciao community on board was an inventive way for HP to include everyday life experiences and evaluations from the people who would ultimately form the product's target market. The brand engaged with its users at every stage of the campaign, creating a genuine and valuable two-way dialogue to increase interaction and positive perception of the brand.

"Each Ciao member is both a consumer and an independent expert at the same time," says Ben Rodrian, Head of Sales Advertising at ciao.uk, ciao.de, ciao.fr.

"Our project has been well received by the Ciao community with members becoming really excited about the prospect of taking part in a unique review programme. For us, the feedback has been invaluable in helping gauge consumer reaction to the new product range."

Key benefits of the campaign for HP included:

- Positive image development among its target audience
- More chances to communicate with the consumer, creating a genuine two-way relationship and increased brand recognition
- Honest, direct-from-user feedback

Conclusion

Research released from analyst houses and third parties in recent months has clearly demonstrated the value that consumers place on peer recommendation over marketing or sales sources.

Learning from this trend and using online communities to engage directly with their audiences gives brands the chance to show that they are open to new ideas and that the views of customers sit at the heart of their product development process.

For HP, the success of the product test and review programme means that non-specialist business and consumer shoppers can now be provided with objective and reliable recommendations from reviewers within a community they trust.

The reviews written by the Ciao members during the trial period are soon to be published in text and video formats on the Ciao portal, alongside the formal empirical tests carried out by the HP team.

How WWF created the greenest advertising campaign



This advertising campaign captured the hearts' of web users.

Background

Residents of Hungary are able donate 1% of their tax to any charity organisation. WWF Hungary's task was to firmly place their organisation in the fore-front of peoples' minds.

Strategy

In order to stand out from the crowd and claim eligibility for their tax donations, WWF had to create a campaign that also implicitly promoted their core values of nature conservation and environmental concern. Their main objective was to minimise waste in all areas. Accordingly, keeping paper quantity as low as possible was essential.

Implementation

WWF printed their message - 1% of tax is donateable to charity organisations - on to just one leaflet. Next, in an act that remained true to their trademark logo, they recruited two willing panda-dressed volunteers.

The volunteers were planted in a shopping mall, one each at the upper and lower ends of the escalator. Panda one then gave the leaflet to a consumer travelling up the escalator, who once they had read the leaflet then passed it on to Panda two when they reached the top. The process was then reversed with consumers travelling back down the escalator.

This innovative interactive campaigning meant that there were no binned leaflets, and the message was engaged with entirely.

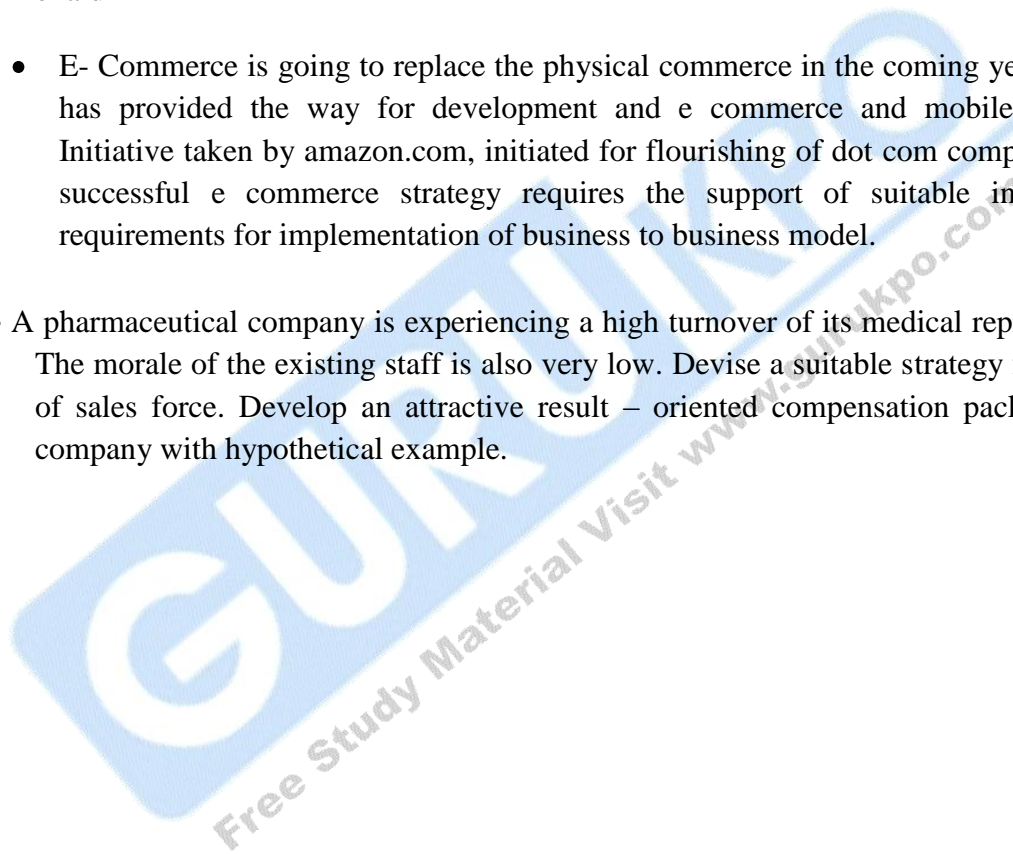
The day was recorded and circulated around journalists and bloggers, before becoming a global viral hit.

Results

Before long the video had reached 285, 142 people worldwide, remarkably using virtually no media spending save one leaflet and two volunteers.

WWF reaffirm that one day, if every one can use media in such an environmentally conscious and effective way, then it has achieved its main goal.

- You are a marketing manager of a reputed company. Recently there has been an entry of a competitor posing threats to existing market share. You are facing a threat of losing your loyal customers. You have the challenge to retain your loyal customers and not to lose your market share . Explain the various sales promotion techniques you would like to use for your company in the given circumstances.
- Mc Donald's entered in India in October 1996. It has retail outlets in major cities of the country. taking into account the Indian preference they prepared the products using spices favoured by local customers. Explain the various promotional strategies used by Mc Donald
 - E- Commerce is going to replace the physical commerce in the coming years. Internet has provided the way for development and e commerce and mobile commerce. Initiative taken by amazon.com, initiated for flourishing of dot com companies. But a successful e commerce strategy requires the support of suitable infrastructural requirements for implementation of business to business model.
- A pharmaceutical company is experiencing a high turnover of its medical representatives. The morale of the existing staff is also very low. Devise a suitable strategy for retention of sales force. Develop an attractive result – oriented compensation package for the company with hypothetical example.



Multiple Choice Questions

Question 1

Which of the following statements is correct?

- a) Marketing is the term used to refer only to the sales function within a firm
- b) Marketing managers usually don't get involved in production or distribution decisions
- c) Marketing is an activity that considers only the needs of the organization, not the needs of society as a whole
- d) Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large

Question 2

The term marketing refers to:

- a) New product concepts and improvements
- b) Advertising and promotion activities
- c) A philosophy that stresses customer value and satisfaction
- d) Planning sales campaigns

Question 3

In the history of marketing, when did the production period end?

- a) In the late 1800s
- b) In the early 1900s
- c) In the 1920s
- d) After the end of the Second World War

Question 4

A marketing philosophy summarized by the phrase "a good product will sell itself" is characteristic of the _____ period.

- a) Production
- b) Sales
- c) Marketing
- d) Relationship

Question 5

Which of the following factors contributed to the transition from the production period to the sales period?

- a) Increased consumer demand
- b) More sophisticated production techniques
- c) Increase in urbanization
- d) The Great Depression

Question 6

An organisation with a _____ orientation assumes that customers will resist purchasing products not deemed essential. The job of marketers is to overcome this resistance through personal selling and advertising.

- a) Production
- b) Marketing

- c) Relationship
- d) Sales

Question 7

In the relationship marketing firms focus on _____ relationships with _____.

- a) Short term; customers and suppliers
- b) Long term; customers and suppliers
- c) Short term; customers
- d) Long term; customers

Question 8

Political campaigns are generally examples of:

- a) Cause marketing
- b) Organization marketing
- c) Event marketing
- d) Person marketing

Question 9

The Coca Cola organisation is an official sponsor of the Olympics. The firm is engaging in:

- a) Place marketing
- b) Event marketing
- c) Person marketing
- d) Organization marketing

Question 10

Today's marketers need...

- a) Neither creativity nor critical thinking skills
- b) Both creativity and critical thinking skills
- c) Critical thinking skills but not creativity
- d) Creativity but not critical thinking skills

Question 11

Which of the following is NOT an element of the marketing mix?

- a) Distribution
- b) Product
- c) Target market
- d) Pricing

Question 12

The term "marketing mix" describes:

- a) A composite analysis of all environmental factors inside and outside the firm
- b) A series of business decisions that aid in selling a product
- c) The relationship between a firm's marketing strengths and its business weaknesses
- d) A blending of four strategic elements to satisfy specific target markets

Question 13

Newsletters, catalogues, and invitations to organisation-sponsored events are most closely associated with the marketing mix activity of:

- a) Pricing
- b) b) Distribution
- c) c) Product development
- d) Promotion

Question 14

The way in which the product is delivered to meet the customers' needs refers to:

- a) New product concepts and improvements
- b) Selling
- c) Advertising and promotion activities
- d) Place or distribution activities

Question 15

The key term in the American Marketing Association's definition of marketing is:

- a) Process
- b) Customers
- c) Stakeholders
- d) Value

Question 16

A critical marketing perspective is the process of determining:

- a) The value of a product, person, or idea
- b) How places compete with each other
- c) The worth and impact of marketing activities
- d) Which type of promotional strategy works best

Question 17

When customer expectations regarding product quality, service quality, and value-based price are met or exceeded, _____ is created

- a) Customer satisfaction
- b) Planning excellence
- c) A quality rift
- d) A value line

Question 18

A market orientation recognizes that:

- a) Price is the most important variable for customers
- b) What the customer thinks he or she is buying is what is important
- c) Selling and marketing are essentially the same thing
- d) Sales depend predominantly on an aggressive sales force

Question 19

Four competing philosophies strongly influence the role of marketing and marketing activities within an organization. Which if the following is NOT a marketing management philosophy?

- a) Customer orientation
- b) Profitability orientation
- c) Marketing orientation
- d) Competitor orientation

Question 20

In order for exchange to occur:

- a) A complex societal system must be involved
- b) Organized marketing activities must also occur
- c) A profit-oriented organization must be involved
- d) Each party must have something of value to the other party

Question 21

Which of the following is NOT part of the external marketing environment?

- a) Political
- b) Legal
- c) Product
- d) Socio-cultural

Question 22

Car (automobile) designers world-wide began working on plans for a dual energy car when:

- a) They realized that such a vehicle was not only feasible, but inexpensive
- b) The legal tolerance for noxious emissions from automobiles began to be reduced
- c) Noise pollution regulations began to be passed that would outlaw the internal combustion engine
- d) Sweden passed a law that said all new vehicles had to have a provision for pedal-power

Question 23

A firm has decided to alter its pricing and promotional strategies in response to slower than expected job growth and declining personal incomes. The firm is responding to changes in its:

- a) Socio-cultural environment
- b) Political environment
- c) Economic environment
- d) Competitive environment

Question 24

Robert is a marketer for a global consumer products company. He is working on the promotional campaign designed to reach a target audience in a new international market. Robert is working hard to make sure that the promotional campaign is clearly understood by the nation's consumers and doesn't offend anyone. Which of the factors in the external environment is he being influenced by?

- a) Socio-cultural environment
- b) Competitive environment
- c) Economic environment

d) Legal environment

Question 25

The process of collecting information about the external marketing environment is

- a) Environmental management
- b) Environmental scanning
- c) Marketing management
- d) Marketing research

Question 26

The five dimensions usually considered to constitute the environment of marketing include all of the following except:

- a) Political considerations
- b) Global factors
- c) Competitive aspects
- d) Economics issues

Question 27

Marketing decision makers in a firm must constantly monitor competitors' activities-their products, prices, distribution, and promotional efforts-because

- a) The competitors may be violating the law and can be reported to the authorities
- b) The actions of competitors may threaten the monopoly position of the firm in its industry
- c) The actions of competitors may create an oligopoly within an industry
- d) New product offerings by a competitor with the resulting competitive variations may require adjustments to one or more components of the firm's marketing mix

Question 28

When looking at consumer income, marketers are most interested in

- a) Discretionary income
- b) Deferred income
- c) Inflationary income
- d) Disposable income

Question 29

New technology results in new goods and services, and it also can

- a) Lower the quality of existing products
- b) Lower the available level of customer service
- c) Reduce prices through new production and distribution methods
- d) Bring back products that were considered obsolete

Question 30

Assume you are in charge of the politically-mandated process of converting the economy of a developing African nation from state-controlled to market-driven business ventures. Your ability to control _____ will most likely determine the future success of the country and its government.

- a) The culture
- b) Marketing

- c) Technology
- d) Competitive environment

Question 31

Marketing managers cannot control ____, but they can at times influence it.

- a) Where advertising is placed
- b) The sales force
- c) The external environment
- d) How products are priced

Question 32

As technology continues to offer more different methods for shopping on the Internet, manufacturers and traditional retailers are finding themselves in direct competition with each other. In this case, unless marketing managers understand ____, manufacturers and retailers cannot intelligently plan for the future.

- a) Their competitors' strategies
- b) b) The economic conditions which influence the growth of technology
- c) c) Changing social attitudes towards technology
- d) All of these

Question 33

The external environment

- a) Can be controlled in much the same manner as the internal marketing mix
- b) Does not change over time
- c) Does not have an impact on Fortune 500 companies
- d) Must be continually monitored by marketing managers

Question 34

The differentiation of a firm's products or services to promote environmental responsibility is referred to as:

- a) Social branding
- b) Eco-branding
- c) Me-too branding
- d) Brand personality

Question 35

Which of the following elements is NOT part of Porter's 5-forces model for industry competitiveness?

- a) Threat of substitutes
- b) b) Threat of suppliers
- c) c) Power of buyers
- d) Threat from government players

Question 36

A market with which of the following characteristics would generally be less competitive?

- a) High barriers to entry
- b) Lots of potential substitutes exist
- c) Strong bargaining power among buyers

d) Strong bargaining power among suppliers

Question 37

The process of anticipating future events and conditions and determining the best way to achieve organizational objectives is known as

- (a) Reasearching
- (b) Planning
- (c) Controlling
- (d) Managing

Question 38

Which of the following is NOT included as a basic idea in the definition of marketing concepts?

- A) Total company effort
- B) Profit
- C) Productivity
- D) Customer satisfaction

Question 39

_____ is defined as the difference between the benefits a customer sees from a market offering and the costs of obtaining those benefits.

- A) Customer value
- B) Satisfaction scale
- C) Profit margin
- D) Competitive benefit

Question 40

Which of the following is NOT included in the marketing management process used by the marketing manager to achieve its objectives?

- A) Planning marketing activities
- B) Raising funds to finance the marketing projects
- C) Controlling marketing plans
- D) Directing implementation of the marketing plans

Question 41

_____ is defined as communication with large numbers of customers at the same time

- A) Personal selling
- B) Sales promotion
- C) Mass selling
- D) All of the above

Question 42

In a _____ orientation, the role of marketing research is to determine customer needs and how well the company is satisfying them.

- A) Marketing
- B) Production
- C) Both of the above
- D) None of the above

ANSWERS:

- (1) D (2) C (3) C (4) A (5) B (6) D (7) B (8) D (9) B (10) B (11) C (12) D (13) D (14) D (15) D (16) C (17) A (18) B (19) B (20) A (21) C (22) B (23) C (24) A (25) B (26) B (27) D (28) A (29) C (30) B (31) B (32) C (33) D (34) D (35) B (36) D (37) A (38) A (39) A (40) B (41) C (42) A

Key Terms

Marketing:

Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing Management:

Marketing management may be defined as the process of management of marketing programmes for accomplishing organizational goals and objectives. It represents an important functional area of business management efforts for the successful marketing.

According to AMA - "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organizational goals.

Customer Value:

It is defined as the difference between what a customer gets from a product, and what he or she has to give in order to get it. It helps people and companies unlock their inner creative power and achieve amazing results. Relative performance identifies how the product or service gives customer value relative to what competitors offer. In order to generate more thought about customer value, and to reach out to a customer base, a business might promote a customer value proposition. The customer value proposition is basically a promise of benefits from a vendor to customers.

Marketing Mix

A planned mix of the controllable elements of a product's marketing plan commonly termed as 4Ps: product, price, place, and promotion.

The **marketing mix** deals with the way in which a business uses **price, product, distribution and promotion** to market and sell its product.

The marketing mix is often referred to as the "**Four P's**" - since the most important elements of marketing are concerned with:

- **Product** - the product (or service) that the customer obtains
- **Price** - how much the customer pays for the product
- **Place** - how the product is distributed to the customer
- **Promotion** - how the customer is found and persuaded to buy the product

It is known as a "**mix**" because each ingredient affects the other and the mix must overall be suitable to the target customer.

Marketing Planning

The process by which marketing activities are identified and decided upon.

Marketing Insight

Insight is the understanding of a specific cause and effect in a specific context. **Insight** can be used with several related meanings of insight

- a piece of information
- the act or result of understanding the inner nature of things or of seeing intuitively in Greek called noesis
- an introspection
- the power of acute observation and deduction, penetration, discernment, perception called intellection or noesis
- an understanding of cause and effect based on identification of relationships and behaviors within a model, context, or scenario (see artificial intelligence)

Micro Environment

The forces which are close to the firm is called micro environment. These factors affect the firm's ability to serve its customers. In other words micro environment is located with in the firm. It surrounds the both the firm and the marketing mix. These variables affects a firm's ability to facilitate and expedite exchanges in various ways. The forces in micro environment directly influences whether and how a marketing manager can perform certain marketing activities. It may affect a marketing manager's decisions and actions through their influence on consumer's reactions toward the firm's marketing mix and mixes.

Macro Environment

The conditions that exist in the economy as a whole, rather than in a particular sector or region. In general, the macro environment will include trends in gross domestic product (GDP), inflation, employment, spending, and monetary and fiscal policy. The macro environment is closely linked to the general business cycle, as opposed to the performance of an individual business sector.

Rural Marketing

Rural Marketing is defined as any marketing activity in which one dominant participant is from a rural area. This implies that rural marketing consists of marketing of inputs (products or services) to the rural as well as marketing of outputs from the rural markets to other geographical areas.

Channel Management

The process by which a producer or supplier directs marketing activity by involving and motivating parties comprising its channel of distribution. Channel management is a term that refers to the way that a business or supplier of products uses various marketing techniques and sales strategies to reach the widest possible customer base. The channels are all of the various outlets by which the product is marketed and sold to customers. When done properly, channel management motivates those channels to sell the product and ultimately develops a better

relationship between customer and product. This is achieved by identifying the goals for each distinctive channel and then implementing various marketing strategies to make sure that those goals are attained, all while staying consistent to the overall brand of the business.

Place/Distribution:

The company's activities that make the product available, using distribution and trade channels, coverage, assortments, locations, inventory and transportation characteristics and alternatives. Typical supply chain consists of four links in the chain: Producer/Factory/Manufacturer, Distributor, Wholesaler, Retailer supplying the consumer and user.

Customer

A person who purchases goods or services from another; buyer; patron.

A person, company, or other entity which buys goods and services produced by another person, company, or other entity.

Marketer

A person whose duties include the identification of the goods and services desired by a set of consumers, as well as the marketing of those goods and services on behalf of a company

Marketing Communication

All strategies, tactics, and activities involved in getting the desired marketing messages to intended target markets, regardless of the media used.

Marketing communications (or marcom) consists of the messages and related media used to communicate with a market. Those who practice advertising, branding, direct marketing, graphic design, marketing, packaging, promotion, publicity, public relations, sales, and sales promotion are termed marketing communicators, marketing communications managers, or more briefly as marcom managers.

Traditionally, marketing communications practitioners focus on the creation and execution of printed marketing collateral; however, academic and professional research developed the practice to use strategic elements of branding and marketing in order to ensure consistency of message delivery throughout an organization. Many trends in business can be attributed to marketing communications; for example: the transition from customer service to customer relations, and the transition from human resources to human solutions. In branding, opportunities to contact stakeholders are called brand touchpoints (or points of contact.) Marketing communications is concerned with the general behavior of an organization and the perceptions of the organization that are promoted to stakeholders through these touchpoints.

Market Segmentation

The process of defining and subdividing a large homogenous market into clearly identifiable segments having similar needs, wants, or demand characteristics. Its objective is to design a marketing mix that precisely matches the expectations of customers in the targeted segment. Market segmentation is the technique used to enable a business to better target its products at the

right customers. It is about identifying the specific needs and wants of customer groups and then using those insights into providing products and services which meet customer needs.

Consumer

Any individual who purchases goods and services from the market for his/her end-use is called a consumer.

In simpler words a consumer is one who consumes goods and services available in the market.

Example - Tom might purchase a tricycle for his son or Mike might buy a shirt for himself. In the above examples, both Tom and Mike are consumers.

Consumer Interest

Every customer shows inclination towards particular products and services. Consumer interest is nothing but willingness of consumers to purchase products and services as per their taste, need and of course pocket.

Consumer Behaviour

Consumer Behaviour is a branch which deals with the various stages a consumer goes through before purchasing products or services for his end use.

Targeting

Target Marketing involves breaking a market into segments and then concentrating your marketing efforts on one or a few key segments.

The selection of potential customers to whom a business wishes to sell products or services. The targeting strategy involves segmenting the market, choosing which segments of the market are appropriate, and determining the products that will be offered in each segment. A business offering multiple products can determine if the various segments should receive one generic product (such as in mass marketing), or if each segment should receive a customized product (multi-segment), based upon the market's diversity, maturity, the level of competition and the volume of sales expected. It is also called targeting.

Positioning

A marketing strategy that aims to make a brand occupy a distinct position, relative to competing brands, in the mind of the customer. Companies apply this strategy either by emphasizing the distinguishing features of their brand (what it is, what it does and how, etc.) or they may try to create a suitable image (inexpensive or premium, utilitarian or luxurious, entry-level or high-end, etc.) through advertising. Once a brand is positioned, it is very difficult to reposition it without destroying its credibility.

Product

The end result of the manufacturing process, to be offered to the marketplace to satisfy a need or want. A good, idea, method, information, object, or service that is the end result of a process and serves as a need or want satisfier. It is usually a bundle of tangible and intangible attributes (benefits, features, functions, uses) that a seller offers to a buyer for purchase. A good or service that most closely meets the requirements of a particular market or segment and yield enough profit to justify its continued existence.

An article or substance that is manufactured or refined for sale. a thing produced by labor: products of farm and factory; the product of his thought. a person or thing produced by or resulting from a process, as a natural, social, or historical one; result.

Product Life Cycle

The period of time over which an item is developed, brought to market and eventually removed from the market. First, the idea for a product undergoes research and development. If the idea is determined to be feasible and potentially profitable, the product will be produced, marketed and rolled out. Assuming the product becomes successful; its production will grow until the product becomes widely available. Eventually, demand for the product will decline and it will become obsolete.

Strategy

A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem

The word “strategy” is derived from the Greek word “stratēgos”; stratus (meaning army) and “ago” (meaning leading/moving).

Strategy is an action that managers take to attain one or more of the organization’s goals. Strategy can also be defined as “A general direction set for the company and its various components to achieve a desired state in the future. Strategy results from the detailed strategic planning process”.

A strategy is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives. While planning a strategy it is essential to consider that decisions are not taken in a vacuum and that any act taken by a firm is likely to be met by a reaction from those affected, competitors, customers, employees or suppliers.

Strategy can also be defined as knowledge of the goals, the uncertainty of events and the need to take into consideration the likely or actual behavior of others. Strategy is the blueprint of decisions in an organization that shows its objectives and goals, reduces the key policies, and plans for achieving these goals, and defines the business the company is to carry on, the type of economic and human organization it wants to be, and the contribution it plans to make to its shareholders, customers and society at large.

New Product Development

Process of developing a new product or service for the market. This type of development is considered the preliminary step in product or service development and involves a number of steps that must be completed before the product can be introduced to the market. New product development may be done to develop an item to compete with a particular product/service or may be done to improve an already established product. New product development is essential to any business that must keep up with market trends and changes.

Brand

A **brand** is a "Name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers." *Branding* began as a way to tell one person's cattle

from another by means of a hot iron stamp. A modern example of a brand is *Coca Cola* which belongs to the Coca-Cola Company.

A brand is a product, service, or concept that is publicly distinguished from other products, services, or concepts so that it can be easily communicated and usually marketed. A brand name is the name of the distinctive product, service, or concept.

Branding

Branding is the process of creating and disseminating the brand name. Branding can be applied to the entire corporate identity as well as to individual product and service names.

Branding is also a way to build an important company asset, which is a good reputation. Whether a company has no reputation, or a less than stellar reputation, branding can help change that. Branding can build an expectation about the company services or products, and can encourage the company to maintain that expectation, or exceed them, bringing better products and services to the market place.

Product Policy

A strategic rule or rules covering how a good or service is promoted to potential consumers. A typical product policy created by a business for a manufactured product might attempt to manage how the item will be perceived by its target market and could also contain information about how durable the product is.

Price

The sum or amount of money at which a thing is valued, or the value which a seller sets on his goods in market; that for which something is bought or sold, or offered for sale; equivalent in money or other means of exchange; current value or rate paid or demanded in market or in barter

Channel of Distribution

The chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. A distribution channel can include wholesalers, retailers, distributors and even the internet. Channels are broken into direct and indirect forms, with a "direct" channel allowing the consumer to buy the good from the manufacturer and an "indirect" channel allowing the consumer to buy the good from a wholesaler. Direct channels are considered "shorter" than "indirect" ones.

A path through which goods and services flow in one direction (from vendor to the consumer), and the payments generated by them that flow in the opposite direction (from consumer to the vendor).

A distribution channel can be as short as being direct from the vendor to the consumer or may include several interconnected intermediaries such as wholesalers, distributors, agents, retailers. Each intermediary receives the item at one pricing point and moves it to the next higher pricing point until it reaches the final buyer.

Promotion

“An activity designed to boost the sales of a product or service. It may include an advertising campaign, increased PR activity, a free-sample campaign, offering free gifts or trading stamps, arranging demonstrations or exhibitions, setting up competitions with attractive prizes, temporary price reductions, door-to-door calling, telemarketing, personal letters on other methods”.

Advertising

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

SALES PROMOTION

Sales promotion refers to many kinds of incentives and techniques directed towards consumers and traders with the intention to produce immediate or short-term sales effects.

"Sales promotion includes incentive-offering and interest-creating activities which are generally short-term marketing events other than advertising, personal selling, publicity and direct marketing. The purpose of sales promotion is to stimulate, motivate and influence the purchase and other desired behavioral responses of the firm's customers."

Sales promotion offers a direct inducement to act by providing extra worth over and above what is built into the product at its normal price. These temporary inducements are offered usually at a time and place where the buying decision is made. Not only are sales promotions very common in the current competitive market conditions, they are increasing at a fast pace. These promotions are direct inducements. In spite of the directness, sales promotions are fairly complicated and a rich tool of marketing with innumerable creative possibilities limited only by the imagination of promotion planners. Sales promotion is often referred to by the names of 'extra purchase value' and 'below-the-line selling'.

Personal Selling

Personal selling is oral communication with potential buyers of a product with the intention of making a sale. The personal selling may focus initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to "close the sale" It is Face-to-face selling in which a seller attempts to persuade a buyer to make a purchase.

Personal selling is one of the oldest forms of promotion. It involves the use of a **sales force** to support a **push strategy** (encouraging intermediaries to buy the product) or a **pull strategy** (where the role of the sales force may be limited to supporting retailers and providing after-sales service).

Direct Marketing

Direct marketing is a type of advertising campaign that seeks to elicit an action (such as an order, a visit to a store or Web site, or a request for further information) from a selected group of consumers in response to a communication from the marketer. The communication itself may be in any of a variety of formats including postal mail, telemarketing, direct e-mail marketing, and point-of-sale (POS) interactions. Customer response should be measurable: for example, the marketer should be able to determine whether or not a customer offered a discount for online shopping takes advantage of the offer. Direct marketing is just what it sounds like - directly reaching a market (customers and potential customers) on a personal (phone calls, private mailings) basis, or mass-media basis (infomercials, magazine ads, etc.).

Direct marketing is often distinguished by aggressive tactics that attempt to reach new customers usually by means of unsolicited direct communications. But it can also reach out to existing or

past customers. A key factor in direct marketing is a "call to action." That is, direct marketing campaigns should offer an incentive or enticing message to get consumers to respond (act).

E-Marketing

E-Marketing or electronic marketing refers to the application of marketing principles and techniques **via electronic media** and more specifically the Internet. The terms **eMarketing**, **Internet marketing** and **online marketing**, are frequently interchanged, and can often be considered synonymous.

E-Marketing is the process of **marketing a brand using the Internet**. It includes both direct response marketing and indirect marketing elements and uses a range of technologies to help connect businesses to their customers.

It encompasses all the activities a business **conducts via the worldwide web** with the aim of attracting new business, retaining current business and developing its brand identity.

Marketing Research

The process of gathering, analyzing and interpreting information about a market, about a product or service to be offered for sale in that market, and about the past, present and potential customers for the product or service; research into the characteristics, spending habits, location and needs of your business's target market, the industry as a whole, and the particular competitors

Market research provides relevant data to help solve marketing challenges that a business will most likely face--an integral part of the business planning process. In fact, strategies such as market segmentation (identifying specific groups within a market) and product differentiation (creating an identity for a product or service that separates it from those of the competitors) are impossible to develop without market research.

Information System

A combination of hardware, software, infrastructure and trained personnel organized to facilitate planning, control, coordination, and decision making in an organization.

Marketing Information System

A marketing information system (MKIS) is defined a set of procedures and methods designed to generate, analyze, disseminate, and store anticipated marketing decision information on a regular, continuous basis. An information system can be used operationally, managerially, and strategically for several aspects of marketing.

A Marketing Information System can also be defined as 'a system in which marketing data is formally gathered, stored, analysed and distributed to managers in accordance with their informational needs on a regular basis' A marketing information system can be used operationally, managerially, and strategically for several aspects of marketing.

Roll No. : _____

M.B.A. (Main & Back) Examination, 2009

Marketing Management

1. **“ Marketing Management is the art and science of choosing target markets and getting , keeping , and growing customers through creating , delivering and communicating superior customer value.” Elaborate.**

Ans. 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.

2. (a) “ Marketing Plans are becoming more customer and competitor oriented.” – Comment.

Ans. Developing a marketing strategy with your customers as the main focus is a good move to attain better sales figures and market performance. Undoubtedly, the consumers are the force that can turn your business around, either into a big success or a sorry failure. To penetrate your target market in the right way, it is always best to first consider who really your consumers are.



Before the companies had seen the need to move to go consumer-oriented, marketing activities were developed solely to advertise a product, generate some sales, and build market shares, regardless whether such marketing activities formulated cater to what the consumers really need or not. Since the challenge to do everything for the favor of the consumers, all marketing strategies that are implemented are guided by the lone goal of selling several pieces of merchandise purely for the sake of the business.

But times had evolved and new strategies are implemented. Today, consumer-oriented marketing is fast becoming popular. And what it really implies is the development of marketing tools and systems that for one, provides for stores and distribution channel examinations. These tests are conducted so as to evaluate a particular store's suitability to carry a particular product.

Consumer-oriented marketing also requires businesses to check the pricing of their product or service, whether or not it is fitting to their general consumers. Doing so prevents businesses to overprice or under price the commodity they are offering, while giving the best value to the patronizing public.

But most importantly, the need to develop consumer-oriented marketing strategies causes businesses to specifically pinpoint the very people who need, use, and buy their product directly. And once they have a good idea as to who the main market movers of their products or service are, they can start to assess their exact needs, aspirations, and wants. Accordingly, they can attend to those things accordingly. This precisely is the main idea behind developing a consumer marketing strategy.

(b) Marketing Communication strategies for rural market.

Ans. Rural marketing is promotion of a company's products in the rural market buy using strategies which differs from that of urban market, the rural market is more price sensitive but it has preference for quality.

COMMUNICATION STRATEGY

Advertising goes hand in hand with economic growth. With economic liberalization and increasing rural prosperity, marketers are keen to inform villagers about the benefits of buying and consuming their products and services. Prior to the introduction of economic liberalization in 1990s, there was little incentive for marketers to advertise their products and services, as rural markets were predominantly a seller's market.

The influence of the electronic media, in particular television, video and the Hindi film industry, is contributing to the growth of rural aspirations, which are being manifested in rural India in the form of increasing consumerism.

The rural environment is different from the urban and therefore communication to potential customers in a proper and effective manner is a major challenge for corporate marketers. The majority of advertisements designed by corporate marketers, are largely urban oriented and extend themselves to rural areas without any consideration to the values and sensitivities of the rural audience, which are often in striking contrast to those of their urban counterparts. This has led to a negative perception in the minds of villagers, about urban media planners and advertisers.

Rural communication is not a 'peripheral activity'. It does not, for instance, involve taking an audio-visual van to a village and assuming that this step is enough to reach out to customers. It requires an entirely different mindset, which demands getting rid of many

mental barriers. Companies have to realize that rural is a long-haul market, as gains in the short term are neither immediate nor large.

CHALLENGES IN RURAL COMMUNICATION

There are many challenges to communication in rural. Low literacy level; poor media reach and exposure and vast, heterogeneous and diversely spread rural audiences characterized by variations in language, culture and lifestyle-all these factors pose multiple challenges to marketers looking to take their messages to the largely media-dark or media-grey areas, of rural markets.

CREATING ADVERTISEMENTS FOR RURAL AUDIENCES

Communication experts need to keep the following factors in mind when creating advertisements for rural audiences.

- * Understanding the mindset of potential customers, including their hopes, fears, aspirations and apprehension conducting a qualitative study among the target audience would help in better understanding of the consumer mindset.
- * Pick up 'gems' in the form of idioms, expressions, words, etc. in relation to the product category for later use in the creative.
- * Tricky, clever, gimmicky, or even suggestive advertising does not work with rural audiences. 'Flicks' using very expensive computer graphics without any human presence go over the heads of rural audiences.
- * Combining education with 'entertainment is a good route to take when targeting rural audiences. Using locally popular film stars or even featuring religious events (melas) popular in the region, helps strike a chord with rural audiences. According to a study, it is Govinda and Sharukh Khan who is most popular among rural folk in north India.
- * 'Quickies' (short television commercials) do not register well with rural audiences. Advertising agencies need to provide for ample time and space to communicate a message properly and effectively to the intended audience. This is seen for instance, in the popularity of the two-minute theatre commercials screened in rural cinemas

RURAL MEDIA

* Rural media can be classified broadly into conventional mass, non-conventional media and personalized media. The various media vehicles are as follows:

CONVENTIONAL MASS MEDIA	NON-CONVENTIONAL MEDIA	PERSONALIZED MEDIA
Television	Haat and mela	Direct mailer
Radio	Folk media (puppet show, magic show)	Point of sale(demonstration, leaflet)

Press	Video van	Word of mouth
Cinema	Mandi	Interpersonal communication
Outdoor: wall painting, hoarding		Animator

INOVATIVE MEDIA

OUTDOOR MEDIA: WALL PAINTING

* This medium is the most widespread form of advertising and is the favorite of the Indian rural masses, as they can view it at their leisure. Wall paintings are important because they constantly remind rural people about name and logos in addition to highlighting the key brand promise. They also reflect the vibrant economic and social life of the area.

Characteristics of wall paintings

* They are economical as compared to other traditional media forms, as the manpower and infrastructure requirements are low.

* They can easily be customized in accordance with regional language variations without this impacting their artistic content.

* Audience recall rates are high.

Limitations

* The lack of availability of wall space at prominent locations is an issue.

* The quality of the wall space available is not always satisfactory. The base of rural wall structures is generally not smooth and this impacts the final output.

* No exclusive wall rights are given to the company. It may happen that a company gets a wall painted and after sometimes when the company executive passes through, he finds that the painting has been replaced by the advertisement of some other company.

* The quality of the painters available is also low. Companies prefer hiring painters locally as they are familiar with the area and the cost of hiring them is lower when compared to the cost of hiring painters from outside.

FOLK MEDIA

* Folk media consist of folk songs, folk dances and other theatrical forms, including puppetry, street theatre and magic shows, which are an intrinsic part of the culture and heritage of the land.

* They are capable of communicating message about contemporary issues, topics and concerns as per the needs and demands of a changing society.

* They are a face-to-face and personal form of communication.

* The essential characteristics of folk media are that are interactive, repetitive and narrative
Kinds of Folk Media

- * Folk theatre
- * Magic show
- * Puppet shows
- * Interactive games

* **Folk Theatre**

Folk theatre, interspersed with folk song and dance, is a simple and entertaining form of communication. It can also be informative and educational. In the past, folk theatre has been used to arouse public opinion against the British Raj, to draw attention to atrocities against the girl child and raise public consciousness about other socially relevant issues.

* **Folk songs**

Folk songs are basically simple and direct compositions that are usually transmitted orally from one generation to the next and not through the written word. The structure of the folk song is characterized by simplicity and uniformity in rhythm. The songs consist of many stanzas sung in more or less the same tune. Each region and state has its own particular traditions of folk songs and ballads.

* **Folk Dances**

Folk dances are basically simple and rhythmic and mostly religious in nature. Communication takes place through dramatic gestures and the accompanying music. Folk dances are visually very arresting, attracting audiences with their elaborate costumes and stage settings.

* **Magic shows**

Magic shows are another very entertaining form of folk entertainment and draw large crowds, particularly because of the curiosity factor and the use of hypnotic effects.

* **Puppet Shows**

The kathputli puppet performance is the most common form of this folk tradition. The origin of puppet theatre is closely linked to the performance of religious ceremonies. The connection between rituals and the use of puppets is found in almost all the states in India.

Traditional puppeteers were mostly itinerant performers who depended on royal patronage for their survival. Even today tales of chivalrous kings like Prithviraj Chauhan and Amar Singh Rathor are narrated through puppet performances in the villages and towns of Rajasthan.

The different forms of traditional puppetry are glove, rod, string-rod and shadow puppets. The differences exist not only in name but also in form, structure, manipulation techniques and geographical origin spread.

CONCLUSION

To sum up, it is clear that in any form of rural communication, while we may have a national strategy, we have to think and act locally. The need for focused communication aimed at the rural market, should not be underestimated. This calls for innovation and substantive changes in marketing strategies and approaches. The innovation should be carried out within the framework of what can best be characterized as the 4-R principle:

* Relevance

* Reliability

* Reach

*** Reincarnate innovation**

If the Indian advertising industry is to reach out to rural India in an effective and efficient manner, it has to be grounded firmly in rural perceptions, value and traditions. It has to immerse itself in local colours, customs and modes of communication in order to make itself relevant to the needs and desires of rural society. It has to gain the trust of the masses by undercutting its own excessive dependency on western styles of advertising, on the one hand and on its use of deceptive and manipulative claims, on the other. It has to reach out to rural consumers and relate to them at an appropriate level, so that it can bring about the desired behavioral changes. Finally, it has to find ways to reincarnate innovation. The four components are not mutually exclusive; they share an interdependent relationship.

3. What factors and psychological processes influence and effect consumer behavior? Sustainiate with examples.

Ans. Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants:

- Initially the consumer tries to find what commodities he would like to consume.
- Then he selects only those commodities that promise greater utility.
- Then consumer makes an estimate of the available money which he can spend.
- Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume.

Meanwhile, there are various other factors influencing the purchases of consumer such as:

- Social
- Cultural
- Personal
- Psychological

Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors

influencing the purchases of consumer such as social, cultural, personal and psychological. The explanation of these factors is given below.

1. Cultural Factors

Consumer behavior is deeply influenced by cultural factors such as: buyer culture, subculture, and social class.

Culture

Basically, culture is the part of every society and is the important cause of person wants and behavior. The influence of culture on buying behavior varies from country to country therefore marketers have to be very careful in analyzing the culture of different groups, regions or even countries.

Subculture

Each culture contains different subcultures such as religions, nationalities, geographic regions, racial groups etc. Marketers can use these groups by segmenting the market into various small portions. For example marketers can design products according to the needs of a particular

Social Class

Every society possesses some form of social class which is important to the marketers because the buying behavior of people in a given social class is similar. In this way marketing activities could be tailored according to different social classes. Here we should note that social class is not only determined by income but there are various other factors as well such as: wealth, education, occupation etc.

2. Social Factors

Social factors also impact the buying behavior of consumers. The important social factors are: reference groups, family, role and status.

Reference Groups

Reference groups have potential in forming a person attitude or behavior. The impact of reference groups varies across products and brands. For example if the product is visible such as dress, shoes, car etc then the influence of reference groups will be high. Reference groups also include opinion leader (a person who influences other because of his special skill, knowledge or other characteristics).

Family

Buyer behavior is strongly influenced by the member of a family. Therefore marketers are trying to find the roles and influence of the husband, wife and children. If the buying decision of a particular product is influenced by wife then the marketers will try to target the women in their advertisement. Here we should note that buying roles change with change in consumer lifestyles.

Roles and Status

Each person possesses different roles and status in the society depending upon the groups, clubs, family, organization etc. to which he belongs. For example a woman is working in an

organization as finance manager. Now she is playing two roles, one of finance manager and other of mother. Therefore her buying decisions will be influenced by her role and status.

3. Personal Factors

Personal factors can also affect the consumer behavior. Some of the important personal factors that influence the buying behavior are: lifestyle, economic situation, occupation, age, personality and self concept.

Age

Age and life-cycle have potential impact on the consumer buying behavior. It is obvious that the consumers change the purchase of goods and services with the passage of time. Family life-cycle consists of different stages such young singles, married couples, unmarried couples etc which help marketers to develop appropriate products for each stage.

Occupation

The occupation of a person has significant impact on his buying behavior. For example a marketing manager of an organization will try to purchase business suits, whereas a low level worker in the same organization will purchase rugged work clothes.

Economic Situation

Consumer economic situation has great influence on his buying behavior. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

Lifestyle

Lifestyle of customers is another important factor affecting the consumer buying behavior. Lifestyle refers to the way a person lives in a society and is expressed by the things in his/her surroundings. It is determined by customer interests, opinions, activities etc and shapes his whole pattern of acting and interacting in the world.

Personality

Personality changes from person to person, time to time and place to place. Therefore it can greatly influence the buying behavior of customers. Actually, Personality is not what one wears; rather it is the totality of behavior of a man in different circumstances. It has different characteristics such as: dominance, aggressiveness, self-confidence etc which can be useful to determine the consumer behavior for particular product or service.

4. Psychological Factors

There are four important psychological factors affecting the consumer buying behavior. These are: perception, motivation, learning, beliefs and attitudes.

Motivation

The level of motivation also affects the buying behavior of customers. Every person has different needs such as physiological needs, biological needs, social needs etc. The nature of the needs is that, some of them are most pressing while others are least pressing.

Therefore a need becomes a motive when it is more pressing to direct the person to seek satisfaction.

Perception

Selecting, organizing and interpreting information in a way to produce a meaningful experience of the world is called perception. There are three different perceptual processes which are selective attention, selective distortion and selective retention. In case of selective attention, marketers try to attract the customer attention. Whereas, in case of selective distortion, customers try to interpret the information in a way that will support what the customers already believe. Similarly, in case of selective retention, marketers try to retain information that supports their beliefs.

Beliefs and Attitudes

Customer possesses specific belief and attitude towards various products. Since such beliefs and attitudes make up brand image and affect consumer buying behavior therefore marketers are interested in them. Marketers can change the beliefs and attitudes of customers by launching special campaigns in this regard.

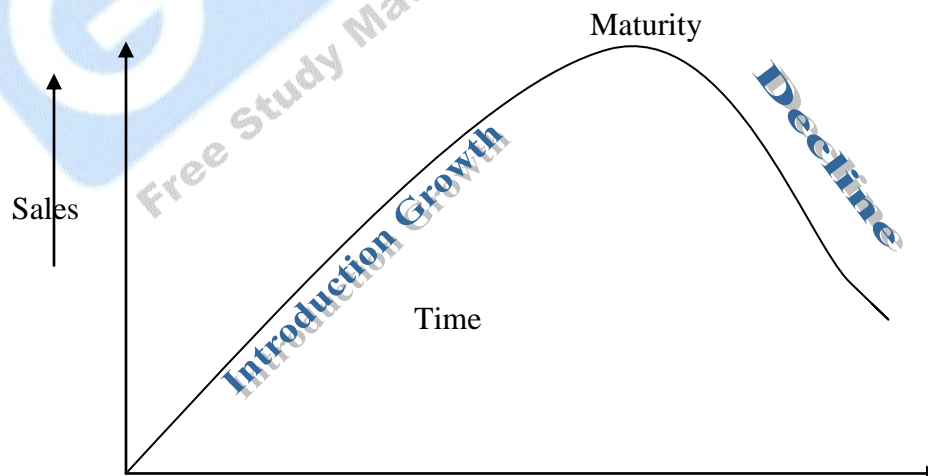
4. “ Each stage of the product life cycle calls for different marketing strategies.” – Elaborate.

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.

Introduction stage of PLC

The need for immediate profit is not a pressure. The product is promoted to create **awareness**. If the product has no or few competitors, a skimming price strategy is employed. Limited numbers of product are available in few channels of distribution.

Advertising differentiates the product.

Growth stage of PLC

Competitors are attracted into the market with very similar offerings. Products become more profitable and companies form alliances, joint ventures and take each other over.

Advertising spend is high and focuses upon building brand. Market share tends to stabilise. Advertising establishes participation with the marketplace.

Maturity stage of PLC

Those products that survive the earlier stages tend to spend longest in this phase. Sales grow at a decreasing rate and then stabilise. Producers attempt to differentiate products and brands are key to this. Price wars and intense competition occur. At this point the market reaches saturation. Producers begin to leave the market due to poor margins.

Promotion becomes more widespread and use a greater variety of media. Advertising puts price ahead of the competition.

Decline stage of PLC

At this point there is a downturn in the market. For example more innovative products are introduced or consumer tastes have changed. There is intense price-cutting and many more products are withdrawn from the market. Profits can be improved **by reducing marketing spend and cost cutting. Defensive advertising or for revitalization.**

5. (a) What factors should a firm consider while setting up its pricing policy?

Ans. Pricing refers to decision on the price to be charged for selling products to customers. There are four main considerations in the pricing decision. These are:

- Pricing objective
- Customers' willingness and capacity to pay
- Costs of manufacturing and selling the product
- Competition

Pricing objective refers to how the pricing needs to contribute to the total approach to marketing that product. pricing objectives are often associated with two distinct pricing strategies - penetration price and skimming price. penetration price aims at penetrating market to establish a long-term dominance in the market. For this purpose, it is better to keep the product price low to prevent competitors to erode your position. In skimming price the focus is on short term gains rather than long-term market dominance. So skimming price, like skimming cream from top of milk, aims at making maximum profit in initial stages when there is no competition, and leaving the market open to the competition at later stages.

Customers willingness and capacity to pay has major impact quantity of sales possible at different prices. A company must take this into account and decide what combination of price and sales volume result in maximum profit for the company.

Cost of manufacturing and selling the product is another important factor in pricing. In fact some companies may may base their prices solely on the cost. However as cost per unit manufactured tends to vary with the volume of production and sale, it is better to try and fix a Price that gives maximum profit taking into consideration both demand and cost behavior.

The most tricky factor in pricing decision is the nature of competition existing and the likely response of competitors. Some companies fix their price solely in relation to the competitors price, but this again is not likely to be very good approach except for commodity products with many competitors.

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 :

- (xi) Corporate & marketing objectives of the firm.
- (xii) The image sought by the firm through pricing
- (xiii) The characteristic of the product
- (xiv) Price elasticity of demand of the product.
- (xv) Stage of product in its life cycle.
- (xvi) Use pattern & turnaround rate of the product.
- (xvii) Cost of manufacturing & marketing
- (xviii) Extent of differentiation practiced
- (xix) Other elements of the marketing mix & their interaction with pricing
- (xx) Composition of the product line of the firm.

External Factors :

- (ix) Market characteristics (relative to demand, customer & competition)
- (x) Buyer behaviour in respect of the product
- (xi) Bargaining power of major customers
- (xii) Bargaining power of major suppliers
- (xiii) Competitor's pricing policy
- (xiv) Government controls / regulation on pricing
- (xv) Other relevant legal aspects
- (xvi) Societal consideration.

(b) **“ Product strategy calls for making co-ordinated decisions on product mixes , product lines , brands and packaging”.- Comment**

Ans. A product strategy is the ultimate vision of the product, as it states where the product will end up. By setting a product strategy, you can determine the direction of your product efforts.

Similar to making effective use of a map, you first need a destination, and then you can plan your route. Just as a business has a strategic vision of what it wants to be when it grows up, the product has its own strategy and destination.

The product strategy forms the basis for executing a product roadmap and subsequent product releases. The product strategy enables the company to focus on a specific target market and feature set, instead of trying to be everything to everyone.

Elements of a product strategy

When defining your product strategy be sure to answer the following questions. Each question below links to an article that further develops the topic, so make sure to review the linked articles as you create your strategy. Who are you selling to? Define your target customer or market. Identify whom you are selling to, and what that market looks like.

- **What are you selling?** Describe how potential customers will perceive your product compared to competitive products. Understand what makes your product unique in the market .
- **What value do you provide your customers?** Determine what problems your product solves for customers. You cannot be everything to everyone within a particular market, but you can help to solve specific problems. Create a value proposition to position the value you provide and the benefits that customers will receive with your solution.
- **How will you price your product?** State how you will price the product. Include its perceived value and a pricing model.
- **How will you distribute your product?** Describe how you will sell your product, and how your target market will acquire your product.

Creating your product strategy

To create your product strategy, start with identifying the market problems you would like to solve. This includes interviewing your target market, understanding the competitive landscape and identifying how you will differentiate yourself.

Your product strategy will change over time as you learn more about your market, and as (if) you decide to enter different markets. Listening to your market and developing your product strategy is a circular process; as you learn more, you will evolve your product strategy and the problems you solve.

Example—product strategy

The following is a brief example of a product strategy. Your product strategy will vary, and will probably be longer, but should follow the theme of the five questions above.

- We build quality kitchen hardware for residential kitchen customers.
- Our customers are young North American families who want kitchen hardware that can stand the wear and tear of young children. They are interested in materials that are safe for children and eco-friendly.
- We sell our products through a retail channel.
- Our products are priced per unit, and are considered “high-end” hardware solutions.

Power of the product strategy

The power of a product strategy comes from what you define as well as what you exclude. By identifying a particular target market in your product strategy, you are also excluding other markets. This helps your company to understand which projects fall outside the product strategy and distract from strategic goals.

6. Differentiate between Advertising and Sales promotion.

Ans. The term advertising originates from the latin ‘Adverto’ which means to turn around. Advertising has been defined as any paid form of non personal presentation & promotion of ideas, goods or services by an identified sponsor.

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.

Advertising and Sales Promotion are different. They have differences in their use and utility. Will try to explain it with example of HUTCH (**Orange**) to facilitate our understanding.

ADVERTISING	SALES PROMOTION
By using a variety of persuasive appeals, it offers reasons to buy a product or service. <i>Eg: Good Network, Promises and Delivers.</i>	Besides giving reasons in the form of different appeals, they offer incentive to the consumers to buy the product or service now. <i>For new users, 1HUTCH no is given free for 1 month & sms is free for 3 months.</i>
Appeals are emotional or functional in nature. <i>Eg: the current ad of "Wherever you go, our network follows"</i>	Appeals are rational <i>It justifies whatever it says.</i>
Time-frame is long term.	Time frame is short term.
The primary objective is to create an enduring brand image.	To get sales quickly or to induce trial.
Indirect and subtle approach towards persuading customers to buy a product or service.	Direct in approach to induce consumers to buy a product or service immediately by temporarily changing the existing price-value relationship of the product or service.

CASE STUDY

The history of iodized vacuum evaporated, packaged salt in India was pioneered by Tata Salt in August, 1983. Tata Chemicals, the company behind the brand, takes the first credit for converting the commodity salt into a high-quality branded product. To millions of Indian housewives it offered a welcome move away from the loose, unbranded salt of questionable quality to the assurance of clean, pure salt, certified by India's highly trusted business house. Tata Salt delineated the standards and attributes that consumers now demand in the product- hygienic production, purity, nutrition, and iodine content. Thus was born a new category in the food additives segment.

Over the years, Tata Salt's business has grown from strength to strength. It has become a household name with top-of-the-mind brand recall and has garnered 41% share of India's branded-salt segment, as against 23% by its nearest competitor. And thanks to the purity and reliability of the brand, the preference for it spans all segments of the market:

housewives ; restaurateurs ; industry; manufacturers of packaged snacks , colas , and namkeens; and even the Indian government.

The tata salt brand has many accolades to its credit, which stem from its association with trust, reliability, honesty and credibility , qualities inherent to the tata creed of business. Its jingle ‘ namak ho tata ka, tata namak’, an audio mnemonic for the brand, speaks volumes of its headship in the salt market.

Competition

Post tata salt entry as consumer acceptance of branded salt grew, the category became more appealing to potential manufacturers. Also ,with extremely low entry barriers, the net decades saw the launch of scores of new national and local brands packaged , iodized salt. The first competitive challenge was posed in the early 1990s with the launch of captain cook that positioned itself as a free- flowing salt. Captain cook's was indirectly advantageous as it sensitized people to branded salt and they started shifting from non-branded or local products to the national brands. Tata survived the captain cook onslaught owing to its innate superiority , strong distribution networks and overall category expansion that resulted from captain cook's entry.

In 1996, another national salt brand, Annapurna, was launched by HLL. It was positioned on the health benefits of iodine. Although by the time iodization had nearly become a given in branded salt and consumers did not perceive it as a differentiator, with aggressive marketing Annapurna soon became the 2nd largest player with 35% market share (behind Tata, by now at 37%)

Then, with the growing number of players and possible market share erosion, Tata Chemicals conducted a market research study in 1998 to understand the consumer psyche. The result placed Tata Salt high on characteristics such as saltiness, iodization, free flow, purity and whiteness. Consumers thought of Tata Salt as the ‘saltier salt’. Tata encashed this positioning in its next commercial starring the well- known **Chef Sanjeev Kapoor** approving Tata Salt for these attributes.

By late 2001 and early 2002, several regional, domestic and multinational players started jostling in the branded salt market. Their aggressive marketing tactics, colorful and attractive packaging, and high decibel advertising created quite a stir in the market. As a consequence, the branded salt category posted a healthy growth rate of 4% as consumer more salt beyond a certain level, and now there were no non-users who could be converted. Therefore, most of the growth had to come from the unbranded-to-branded category conversion.

Advertising Strategy

Looking at these factors, Tata devised its new advertising strategy. It took the competition head-on and in September, 2001 Tata Salt was re-introduced with a new campaign that touted its purity, a core virtue of the brand. This positioning as the ‘pure salt’ was rooted in the fact that Tata Salt was manufactured using the vacuum evaporation technique , which rendered its end-product much purer than the more commonly used refining technique of washing the salt with water and adding some more chemicals. For the consumer, the proof of purity lay in their experience of distinctly ‘saltier salt’, relative to those offered by other brands, and the certificate of trust lent by the Tata name. The packaging was also changed to a more premium-looking pack, a response to consumer

feedback. All of this translated into a better value proposition for the consumer and dominant market share for the brand.

Soon after, Tata Chemicals looped in consultants to track the brand and assess its marketing strategy. The results revealed that Tata Salt's brand equity index was 7, which was ahead of the competition. But the marketing strategy study revealed that in spite of the strong brand awareness, the differences between the players were getting murky. This made Tata redefine the problem and set new objectives as follows:

- To break free from clutter in the category caused by the recent entrants.
- Expand the base of the category by bringing in new users and garner market-share of 38-40%.

Revised Advertising Strategy

In view of the above objectives, Tata decided that the best way to differentiate was to connect with the consumer at an emotional level, since competitors were focusing on the functional properties of salt. So, while Tata salt has thus far been positioned on the rational aspects of 'purity', its new positioning would carry this proposition forward but within the larger context of the consumer's life, encompassing both rational and emotional manifestations of 'purity'.

In addition, being the market leader, Tata wanted to grow the market by increasing the use-base. Tata Salt realized that there was nothing like a strong 'leadership claim' to meet this end. It felt that by elevating the brand to the status of a national icon, it could not only expand the user-base but also break free from the clutter.

Tata Salt's greatest strength as a brand was derived from its association with trust. Its parent, the Tata Group, had built its equity on the very concept of leadership with trust. These concepts would be highlighted in the next campaign. Thus, the advertising strategy was aimed at rendering the twin messages of a) purity (rational and emotional expressions) of the brand and b) its leadership position.

This advertising strategy then planted the seeds of the "Desh ka namak" campaign.

Questions:

- (a) Comment on the Marketing-Mix Strategies of Tata Salt.
- (b) What Strategic approach has Tata followed in its "Desh Ka Namak" Campaign?

Roll No. : _____

M.B.A. (Main & Back) Examination, 2011

Marketing Management

1(a) Critically evaluate the usefulness of fairs , festivals , haats and wall paintings as a advertising media options for the rural markets. What are the limitations of using print media and television for rural audience.

Ans. Rural communication is the most important aspect of rural marketing. Marketing communications are the communications between the organization and all other parties which includes the promotion through advertising, sales promotion, personal selling, publicity and public relations. The four components of promotion mix are the product, the company, the buyer and the channel. Rural marketing promotion channel includes advertisements through television, cinema, radio, print media, outdoor POPs, audiovisual, publicity vans, syndicated audio visual vans, folk/puppet shows, harikathas, music cassettes etc. Innovative media can also be used to reach the rural customers.

The rural communication Medias includes-

I) TRADITIONAL MEDIA

1. Wall painting– An Economical and best Media in Rural Marketing

Wall Painting is an effective and economical medium for advertising in rural areas since it speak silently and stays for a long time. The message should be simple, direct and clear .
Eg. Wheel detergent, Vodafone, Cell one, Sunlight detergent etc.



WALL PAINTING – An Economical and best Media in Rural Marketing

Wall Paintings are an effective and economical medium for advertising in rural areas. They are silent unlike traditional theatre. A speech or film comes to an end, but wall painting stays as long as the weather allows it to. Retailer normally welcomes paintings of their shops, walls, and name boards. Since it makes the shop look cleaner and better. Their shops look alluring and stand out among other outlets. Besides rural households shopkeepers and panchayats do not expect any payment, for their wall to be painted with product messages. To get one's wall painted with the product messages is seemed as a status symbol.

The greatest advantage of the medium is the power of the picture completed with its local touch. The images used have a strong emotional association with the surrounding, a feat impossible for even a moving visual medium like television which must use general image to cater to greatest number of viewers. A good wall painting must meet some criteria to generate awareness and remind consumer about the brand. The wall should :The most frequented shops can be painted from inside also one feet above the ground level. It is courteous to take the verbal permission of owner .

The permission is normally given However by taking the permission of the rural retailers or house owners, one gets the owner morally committed to taking care of wall painting The message should be simple, direct and clear .

A definite way of arresting is to use bright colors and these do not fade away easily A good paint will survive the ravages of dust, sand and rainstorms for about three years Paintings must be taken after rainfall. It should be peaked up during the festival and post harvest season. To derive maximum mileage their usage needs to be planned meticulously.

2. MOBILE VAN

Mobile vans a medium that reaches the target segment and has been able to catch public attention. Soft drinks like Pepsi, Reliance, Coco-cola and Car manufacturers are using demo cars as mobile publicity.

3. MOBILE AUDIO VISUAL VANS Mobile video vans operate with colour TV presentation along with film songs, dialogues etc. Attractive games and market survey can also be used for catching public attention. Product like Dish washes, water purifier etc. uses this method.

4. MOBILE HOARDING:

Hoarding space available on sides of the video van is utilized to paint the advertising message or product visual.

5. MIKE ANNOUNCEMENTS, PROCESSIONS

Mike announcements and processions along with musical instruments like drum music are used to attract public attention in rural areas. Textiles in Kerala during Onam season uses this technique.

6. CAPARISONED ELEPHANTS, DECORATED BULLOCK&, HORSE CARTS

The message carrying banners are tied up on the body of these animals and presented in an attractive way among the rural people. Eg. Jewelleries , Textiles in Kerala etc. use this method during festival seasons.

7. FOLK MEDIA

Folk medias uphold the culture and heritage of the land and is capable of communicating the message in an interactive, repetitive and narrative manner about topics of contemporary issues. It includes:

- a) **Folk theatre** is informative and educational. Folk songs are simple and rhythmic and are transmitted orally from one generation to the next.
- b) **Folk dances**- It is basically simple and rhythmic and mostly religious in nature. Communication takes place through dramatic gestures, music and costumes with background stage settings.
- c) **Magic shows** - Magic shows are another folk entertainment and draw large crowds because of curiosity and hypnotic effects. Eg. Against drug abuse.
- d) **Puppet Shows**-Rituals and the use of puppets are found in almost all the states in India. Traditional puppeters were mostly itinerant performers who lives in rural areas.
- e) **Hari katha, Villupatu, Nadanpattu**- These are rural specific art forms performed at village melas and temple festivals.

8. THE HAATS:

Haats are meetings held regularly or weekly in all rural areas where in the sellers and buyers meet together to sell their products and services.. The sellers arrive in the morning in the haat and remain till late in the evening. Next day they move to another haat.

9. THE MELAS:

Melas are of different types i.e. cattle fairs, commodity fairs, and religious fairs either held only for a day or may extend over a week. Many companies are now a days interested to participate in melas and fairs. The Mahakumbha mela at Allahabad is the biggest mela in India.

CHALLENGES IN RURAL COMMUNICATION

Rural marketing communication is exposed to many challenges. Low literacy level, poor media reach and exposure, heterogeneous and diversely spread rural audiences featured by diversification in culture, lifestyle, language etc. makes multiple challenges to marketers. Because of these communication to potential customers in a proper and effective manner is a major challenge for corporate marketers. The advertisements designed by corporate marketers are largely urban based and the same is extended to rural areas without considering the sensitivities and aspirations of the rural audience. This has led to a negative perception in the minds of rural people. An entirely different approach is required to study the mindset of the rural to make the communication effective. In order to catch the rural attention, the communication should be uniquely assembled and delivered in a simple way. The target market should be identified in advance and employ the right communication methods. In order to reach the rural audience effectively, the communication should be simple and attractive. Proper content and the use of appropriate regional languages can make the rural communication more attractive. The following are the important features of rural customers-

Heterogeneity : The communication pattern in any society is varying according to the language, culture and life style of the region. Heterogeneity in respect of language, culture, life style, rituals, food habits, dress code as well as the scattered location of the rural masses throughout the country poses major problems to the marketers. Another difficulty is the lack of proper transportation and communication facilities in rural areas. In India, there are 16 scheduled languages and 114 local vernaculars which is a dynamic issue in communication.

Occupation : Majority of the rural masses are engaged in agriculture and related activities to earn their living. As such the occupation pattern and income level of these people are different from the urban.

Media Reach: In rural India, newspaper and television reaches only 40% of the rural population. Reach of formal media is low in rural households (Print:23%, TV:29%, Cinema:30%, and Radio:47%) . The limited reach of the mass media imposes limitations on universal communication which makes the promotion efforts meaningless.

Understanding the Rural Audience: The mentality of the rural audience is completely different from the urban folks. Rural consumers are more innocent than the urban and are

more readily persuaded by marketing that touches them directly, such as live demonstrations, personal experience, seeing others using it etc

Low Literacy level: Literacy level in rural area is another factor which make the communication difficult. Rural literacy has been estimated as 36% compared to 62% in urban areas.

Creativity: Imagination and creativity of the rural masses are different from that of the urban. Sense of beauty and imagination of rural folks are tradition bound and natural. People in each region have their own cultures and rituals Creative pictures, symbols, colours, idioms etc. to suit

with the interest of the rural population is to be identified and used in communication.

Low standard of living: Rural people leads a low standard of living due to low income, low purchasing power, overall social and economic backwardness. With limited income , they may notspent much on non-food items and luxuries.

Use of Common Sense: Rural people differ in common sense, understanding and seen to be moreinnocent. To convince the rural the message should be arranged in a logical way rather than puffingwith claims.

Reverse Innovation: Innovation in rural and backward area is to be done as a trial and then promote it extensively.. A reverse innovation means any innovation that is likely to be adopted firstin the developing areas. In this develop products in smaller towns and villages and then distributenationally. Focus on reverse innovation of a rural brand is a difficult task

Cost Effectiveness : Vast area coverage and repeated attempts makes the rural promotion more expensive.

- (b) **Why do you think it is necessary for Indian marketers to undertake special efforts to evolve an understanding of rural markets ? Identify the reasons for the current interest in rural markets.**

Ans.

Today rural markets are providing substantial market share to consumer goods firms due to increase in purchasing power of rural population. In this article we have elaborated the reasons as to how the rural standards have gone up from what they were and the demand for the consumer goods.

Increasing Competition in Urban Markets

Urban markets are becoming competitive and even getting saturated. Consider the case of toiletries, packaged tea, dry cell batteries and even the electronic entertainment products. The demand has reaches the saturation point. In such situation one has to find strategy to find new market for the existing products. Rural markets are the new markets which are opening up for most of these package goods. Companies which have expanded in these areas are able to ward off competition, generate a new demand and in turn increase their

sales or profits. Some famous companies like Hindustan lever, Pepsi, Coca cola etc have long realized the potential that existed for their products in these areas and had gone out to penetrate these markets. They expanded their distribution network and employed staff which could motivate the rural consumers to use the product. Products like T.V. soft drinks and even social products like condoms are also reaching the rural markets.

Rural markets today offer growth opportunities to firms caught up in an intensive inter-firm rivalry in urban and metro markets.

Socio-economic changes in Rural India

The socio-economic changes can be linked to an increase in productivity in the farm sector. Following agricultural revolutions green or white-the yield per acre or animal increased substantially. This is largely due to the application of technology to the farm sector and modern farming methods. Cooperatives in India helped the farmer to increase farm productivity.

The increase in productivity helped the farmers to have more income and buy the same products as his / her urban counterpart did. The rural electrification programs, and irrigation and rural programs have brought a new hope to the areas.

The income generation and better standards of living were accelerated by the companies and banks to adopting villages for an integrated rural development. The Integrated Rural Development Programs has education, health, modern farming practices, land development and cooperative marketing of produce as its pillars. Development of village industry and craft is also another component of this programs.

All these changes mean more income, higher aspirations and changing life-styles in rural India. And these changes cut across caste or religious barriers.

The radio programs have reached more than 95% of the total Indian Population. Television and Satellite communication has created the maximum change in rural areas. The rural population can now watch not only Doordarshan channel now but also a number of other channels through cable network to know what is happening in all over the world. Today, it is not surprising to see that one small room or hut has been converted into a video theatre in villages. These video cassettes are brought from the nearest towns and runs for fixed hours for the rural people as information and entertainment. CDs are now viewed commonly even in villages from CD players which are hired to public by small businessmen over there.

Another technology which influences socio-economic changes in Rural India is Gobar Gas plants. In this product, the waste of animals in the village is converted into gas which can be used as fuel which in turn provide lights and also cooking gas to the village and power to the crushers and village industries. The Gobar plants are also installed by individual households if they own sufficient number of cattle.

Today women has not to find fuel or lighting up fire place to cook food for the family. They have more time to help there husbands and look after the children. She has more leisure time.

All these socio-economic changes, largely fueled by technology, government policies, corporate strategies and satellite communication mean more demand for consumer goods. Higher awareness of brand names of consumer products as also better financial capacity to purchase and social status awareness lead to a pull for the purchase of consumer product purchase by farmers and their families in the rural markets.

2(a) Draw a self explanatory diagram of New Product development process.

Ans.

Improving and updating product lines is crucial for the success for any organisation. Failure for an organisation to change could result in a decline in sales and with competitors racing ahead. The process of NPD is crucial within an organisation. Products go through the stages of their lifecycle and will eventually have to be replaced. New product development has eight stages.. These stages will be discussed briefly below:

(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.

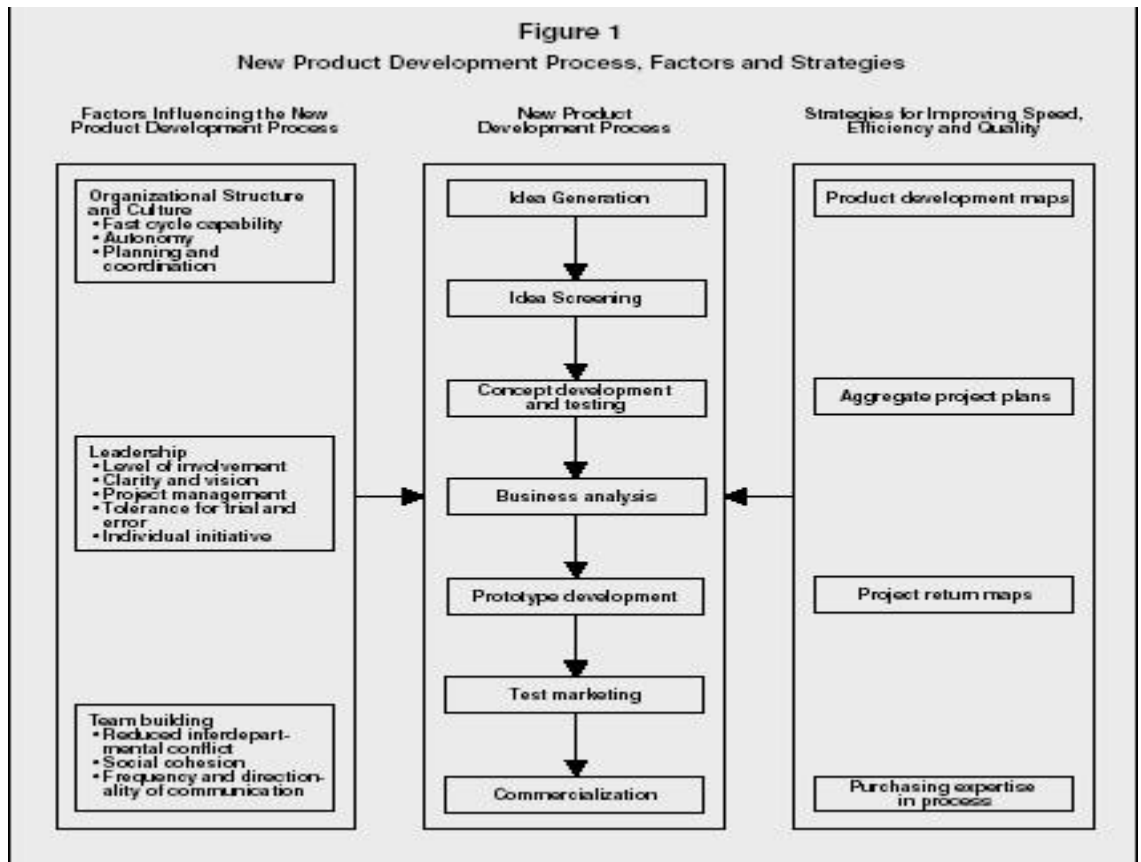
(5) Estimating the Demand for New Product : Firms usually take up estimating the demand for the new product as a part of business analysis / market analysis. There are 2 methods to estimate demand of new products :-

- 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.



- (b) Taking the example of bath soap , discuss how you would go about test marketing . Also explain objectives of test marketing.

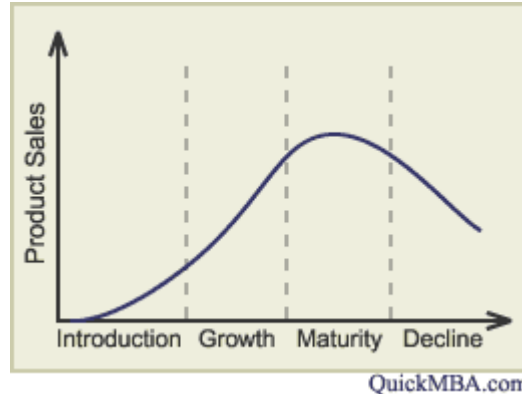
Ans. Test marketing is a technique used during product development to determine how people respond to a product. It can be used at many different phases of development to see whether or not the public will buy the product, how the product may need to be adjusted to make it appealing to the public, and how members of the public interact with the product. Using information from test marketing, product developers can refine products to make them more commercially viable before embarking on a widespread project launch.

- (c) Draw a self explanatory diagram of product life cycle mentioning all the stages , 1 example of each stage and clearly showing the x –axis and y – axis.

Ans. A new product progresses through a sequence of stages from introduction to growth, maturity, and decline. This sequence is known as the **product life cycle** and is associated with changes in the marketing situation, thus impacting the marketing strategy and the marketing mix.

The product revenue and profits can be plotted as a function of the life-cycle stages as shown in the graph below:

Product Life Cycle Diagram



Introduction Stage

In the introduction stage, the firm seeks to build product awareness and develop a market for the product. The impact on the marketing mix is as follows:

- **Product** branding and quality level is established, and intellectual property protection such as patents and trademarks are obtained.
- **Pricing** may be low penetration pricing to build market share rapidly, or high skim pricing to recover development costs.
- **Distribution** is selective until consumers show acceptance of the product.
- **Promotion** is aimed at innovators and early adopters. Marketing communications seeks to build product awareness and to educate potential consumers about the product.

Growth Stage

In the growth stage, the firm seeks to build brand preference and increase market share.

- **Product** quality is maintained and additional features and support services may be added.
- **Pricing** is maintained as the firm enjoys increasing demand with little competition.
- **Distribution** channels are added as demand increases and customers accept the product.
- **Promotion** is aimed at a broader audience.

Maturity Stage

At maturity, the strong growth in sales diminishes. Competition may appear with similar products. The primary objective at this point is to defend market share while maximizing profit.

- **Product** features may be enhanced to differentiate the product from that of competitors.
- **Pricing** may be lower because of the new competition.
- **Distribution** becomes more intensive and incentives may be offered to encourage preference over competing products.
- **Promotion** emphasizes product differentiation.

Decline Stage

As sales decline, the firm has several options:

- Maintain the product, possibly rejuvenating it by adding new features and finding new uses.
- Harvest the product - reduce costs and continue to offer it, possibly to a loyal niche segment.

- Discontinue the product, liquidating remaining inventory or selling it to another firm that is willing to continue the product.

The marketing mix decisions in the decline phase will depend on the selected strategy. For example, the product may be changed if it is being rejuvenated, or left unchanged if it is being harvested or liquidated. The price may be maintained if the product is harvested, or reduced drastically if liquidated.

3 (a) As a media consultant , you have been retained by a large diversified Indian company to advise them in media selection process of advertising to revive their loss making snacks division. Explain the factors to be considered in the said tasks.

Ans. Advertising media selection is the process of choosing the most cost-effective media for advertising, to achieve the required coverage and number of exposures in a target audi Size does not matter. Big is not necessarily better and small advertising agencies have proved that time and again. In fact, choosing an advertising agency that's aiming to be among the Fortune 500 could work against your business, especially if you want to start small. Heavyweight agencies are likely to put larger clients on priority, at the expense of smaller firms, and sooner or later it will tell on their work. Instead, sign on an agency that is interested in the creative challenge that your business offers, or one that is really keen to work with you for the long term.

1. Let their work speak for itself. Every advertising agency will talk about how creativity is its life blood, but as with most things, one man's food might be another's poison. Look at some of their prior work to decide whether their particular brand of ideas is what your business needs. A lot of agencies will brag about the awards that they've won – forget them. Listen to the one that talks about how their work has helped build their clients' businesses.
2. Look for all round capability. Choosing an advertising agency is time consuming, so you don't want to have to do that every time you opt for a different medium of advertising. Make sure the agency can provide 360° support – that includes not only advertising in print, audiovisual media and the internet, but also direct marketing and public relations. At the same time, enquire about their infrastructure – do they own a design studio or do they outsource; what contacts do they have with printing companies and above all, are they proficient in media buying activities? However, if your business is highly internet-oriented, and you'd like your advertising to follow suit, specialized agencies might make sense.
3. Talk deliverables. Everyone loves advertising. It's glamorous, exciting, creative... and expensive as hell! But talk about measurable results, and the rosy hues fade away faster than you can blink. Measuring the ROI on an advertising campaign is well nigh impossible, or at best, a difficult task. Sales might go up, but that could be due to any number of reasons. And what happens once the campaign is over? It's not like sales will drop down to pre-campaign levels, so how do you measure the benefits over the long term? There are no clear answers and you'll have to learn to live with this fact. However, while choosing an advertising agency, keep your discussions as specific as possible. Ask whether they can guarantee a certain impact – it need not be a rise in sales alone. Increased brand recall and customer enquiries are equally important fallouts of a campaign.

4. Work the numbers. We've said it before, advertising doesn't come cheap. Assess what the agencies charge and when. Some might work for a success fee; others stick to a traditional commission or flat remuneration. Whatever be the case, make sure it's spelt out clearly in the contract.
5. Look for chemistry. Advertising is first and last, a people driven business. Make sure you know who is going to work on your account, and put it in writing! Access to the top dog in the agency is usually restricted once your account is in the bag, but that should make no difference, as long as the guys on the ground know what they are doing.
6. Look for reliability. Your advertising agency is going to be privy to a lot of your plans, so you need to ensure they can keep confidential information to themselves. Most advertising agencies will tell you that they do not handle competing accounts - but don't let it rest there - check if the agency has a smaller division or another group company that's serving your competitor! Finally, insist on a confidentiality clause that protects your interest in the contract . ence

(b) Explain the importance of societal marketing in modern scenario.

Ans. Social marketing can be best described as the systematic application of marketing to obtain specific behavioural objectives for a social good.

Social marketing is so essential in such a way that it can be applicable for promoting merit goods, or for making a society evade demerit goods and therefore advancing the well being of society as a whole. Some good examples of social marketing scenarios include people being advised to follow speed limits when driving, to smoke in areas where smoking is allowed instead of public places where people could be harmed, and to utilise seat belts when riding vehicles for the purpose of safety. Also, social marketing can be present in health promotion campaigns. As a result, positive messages social marketing will become instrumental in forming a better and safer community for everybody through the spread of a huge number of positive messages.

4) Write short notes (any two)

(a) E- marketing and its importance

E-Marketing (Electronic Marketing) are also known as Internet Marketing, Web Marketing, Digital Marketing, or Online Marketing. Here are some of the types of E-Marketing used by Internet Marketers:E-Marketing provides businesses and advertisers with an easily customised, efficient form of marketing to complement existing advertising strategies and close in on the elusive and profitable interactive market. Email campaigns supply proven, measurable results and can take your current marketing campaign to the next level. For product promotion, event invitations, query responses and newsletters, Email provides an all-in-one solution. Convenient, highly targeted and most importantly, cost-effective, Exa's E-Marketing System is an easy choice! E-marketing gives businesses of any size access to the mass market at an affordable price and, unlike TV or print advertising, it allows truly personalised marketing. Specific benefits of e-marketing include:

- **Global reach** - a website allows you to find new markets and trade globally for only a small investment.
- **Lower cost** - a properly planned and effectively targeted e-marketing campaign can reach the right customers at a much lower cost than traditional marketing methods.

- **Trackable, measurable results** - web analytics and other online metric tools make it easier to establish how effective your campaign has been. You can obtain detailed information about how customers use your website or respond to your advertising. See our guide on measuring your online marketing.
- **Personalisation** - if your customer database is linked to your website, then whenever someone visits the site, you can greet them with targeted offers. The more they buy from you, the more you can refine your customer profile and market effectively to them.
- **Openness** - by having a social media presence and managing it carefully, you can build customer loyalty and create a reputation for being easy to engage with. See our guide on online business networking and social networking.
- **Social currency** - e-marketing lets you create engaging campaigns using different types of rich media. On the internet these campaigns can gain social currency - being passed from user to user and becoming viral.
- **Improved conversion rates** - if you have a website, then your customers are only ever a few clicks away from completing a purchase. Unlike other media which require people to get up and make a phone call, or go to a shop, e-marketing can be seamless and immediate.

Together, all of these aspects of e-marketing have the potential to add up to more sales.

(b) **Macro environment and its impact on marketing.**

1. The major external and uncontrollable factors that influence an organization's decision making, and affect its performance and strategies. These factors include the economic factors; demographics; legal, political, and social conditions; technological changes; and natural forces.

2. Specific examples of macro environment influences include competitors, changes in interest rates, changes in cultural tastes, disastrous weather, or government regulations.

The macro environmental analysis is the first step in creating the Environmental Analysis. The macro environment examines the general business climate as it relates to the organization, but has nothing to do with the organization itself.

The macro environment is primarily concerned with major issues and upcoming changes in the environment. The acronym for the macro analysis is "STEEP." The five areas of interest are **S**ocio-cultural and demographics; **T**echnology; **E**conomic conditions; **E**cology and physical environment; and **P**olitical and legal.

Socio-cultural and demographics

Societal values and lifestyles change over time, and the most important of these should be discussed. For example, over the past generation, it has become acceptable for women to work outside the home – or not; smoking is not as acceptable as it once was; people are not retiring at 65; students going to college are older; and people are more aware of the environment and healthful living styles.

The changes in values and lifestyles may come from many sources: medical (smoking, healthy eating, exercise); science (global warming, going "green"); economic (people working longer, women in the workforce); cultural diversity (music preferences, foods, living accommodations, medicine); and technologies (Internet dating, biodegradable plastic) are just a FEW examples.

Some changes in values and lifestyles will be important to the **industry**, but not to your business. For example, the current trend is to adopt pets from a shelter, rather than from a

pet store; this has an impact on the pet store **industry**. However, if a pet store is located in a town that does not have a shelter or the store does not sell pets (just supplies – like PetSmart), then the change does not affect the business.

When discussing demographics do NOT discuss the target market. This section deals with changes to the population and demographics as a **WHOLE** and those that may affect the specific **industry** not the business.

It is not important that the population of Billings is growing. It is important that more people are moving to smaller cities and rural areas. It is not important that the average age of the population of Montana is 35.2 years. It is important that people are living and working longer, in general.



Technology

Technology encompasses more than computers! Remember that technology comes in many forms – medical devices, new plastics, production techniques – and be sure to include them in the list if they are important.

The technology discussion should not include what the business does – but what is available to members of the **industry!**

Economic conditions

The state of the economy is usually in some sort of flux. The current situation (specific to the **industry**) and any changes that may be forecast are important. The current economic situation is not conducive to new car sales, but may be better for used car sales and while new appliance sales are in decline, repair people are seeing a large increase. How might these situations change if the economy improves?

Ecology and the physical environment

The ecology and physical environment plays a large part in many business – especially those who have production facilities. But also, everyday businesses are affected. For example, the impact of climate change must be considered: water and fuel costs could change dramatically if the world warms by only a couple of degrees.

Political and legal

In this section, an analysis is made of pertinent local, state, and federal legal information in the business and industry environment. But also consider political ramifications. Democrats and Republicans, Independents and Green – all of these parties have fundamentally different views on business, environment, taxes, and many other issues that may affect a business.

General business laws such as zoning, taxes, minimum wage, other human resource issues, and OSHA should be mentioned, especially if changes to the laws are pending or being discussed.

Additionally, an industry may have specific laws and regulations. For example, a pet store would deal with federal animal welfare and prohibited pet laws as well as state laws concerning animal cruelty, housing, veterinary care and so on. The major laws and regulations should be discussed, especially those with pending legislation.

(c) Difference between product line , width and depth of product.**Ans. Product Line**

A group of related products manufactured by a single company. For example, a cosmetic company's makeup product line might include foundation, concealer, powder, blush, eyeliner, eyeshadow, mascara and lipstick products that are all closely related. The same company might also offer more than one product line. The cosmetic company might have a special product line geared toward teenagers and another line geared toward women older than 60, in addition to its regular product line, that can be used by women of any age.

Product width

Product width refers to the number of product lines sold by one company. The product line refers to the same kind of product but falls in same categories products are similar in their main characteristics. for example the products produced by hindustan unilever:soaps,beverages,washing powders etc. soap is one product line and beverages is other. But sum total of all of these product line is width of product mix.

Product depth

The no of variants of a particular product is called product depth for example if we consider shampoo of a particular brand say head n shoulder,then the diffrent types of head n shoulder(anti dandruff,soft n silky.normal,natural,etc)is called product depth.

Product Line : total how many products company have

Product width : different category in which the company divide its product e.g. HUL company has divided its product in 3 categories i.e.

1. personal care.....ponds, lux, sunsilk
2. house care.....surf excel, wheel, rin
3. food and beverages.....kissan, annapurna atta

Product depth : under one product how many sub-products company provides or how many varieties company have for that product

e.g. sunsilk.....1.dry 2. normal 3.oily hair

under dry sunsilk company provides in the range of 50, 100, 150 and also pink, blue, black

(d) Marketing Information system

Ans. A marketing information system (MIS) is a set of procedures and methods designed to generate, analyze, disseminate, and store anticipated marketing decision information on a regular, continuous basis. An information system can be used operationally, managerially, and strategically for several aspects of marketing.

A marketing information system can be used operationally, managerially, and strategically for several aspects of marketing.

We all know that no marketing activity can be carried out in isolation, know when we say it doesn't work in isolation that means there are various forces could be external or internal, controllable or uncontrollable which are working on it. Thus to know which forces are acting on it and its impact the marketer needs to gathering the data through its own resources which in terms of marketing we can say he is trying to gather the market information or form a *marketing information system*. This collection of information is a continuous process that gathers data from a variety of sources synthesizes it and sends it to those responsible for meeting the market places needs. The effectiveness of marketing decision is proved if it has a strong information system offering the firm a Competitive advantage. Marketing Information should not be approached in an infrequent manner. If research is done this way, a firm could face these risks:

1. Opportunities may be missed.
2. There may be a lack of awareness of environmental changes and competitors' actions.
3. Data collection may be difficult to analyze over several time periods.
4. Marketing plans and decisions may not be properly reviewed.

5. Data collection may be disjointed.
6. Previous studies may not be stored in an easy to use format.
7. Time lags may result if a new study is required.
8. Actions may be reactionary rather than anticipatory.

The total information needs of the marketing department can be specified and satisfied via a marketing intelligence network, which contains three components.

1. Continuous monitoring is the procedure by which the changing environment is regularly viewed.
2. Marketing research is used to obtain information on particular marketing issues.
3. Data warehousing involves the retention of all types of relevant company records, as well as the information collected through continuous monitoring and marketing research that is kept by the organization.

Depending on a firm's resources and the complexity of its needs, a marketing intelligence network may or may not be fully computerized. The ingredients for a good MIS are consistency, completeness, and orderliness. Marketing plans should be implemented on the basis of information obtained from the intelligence network.

An Marketing Information System offers many advantages:

1. Organized data collection.
2. A broad perspective.
3. The storage of important data.
4. An avoidance of crises.
5. Coordinated marketing plans.
6. Speed in obtaining sufficient information to make decisions.
7. Data amassed and kept over several time periods.
8. The ability to do a cost-benefit analysis.

The disadvantages of a Marketing information system are high initial time and labor costs and the complexity of setting up an information system. Marketers often complain that they lack enough marketing information or the right kind, or have too much of the wrong kind. The solution is an effective **marketing information system**.

The information needed by marketing managers comes from three main sources:

- 1) Internal company information – E.g. sales, orders, customer profiles, stocks, customer service reports etc
- 2) Marketing intelligence – This can be information gathered from many sources, including suppliers, customers, and distributors. Marketing intelligence is a catchall term to include all the everyday information about developments in the market that helps a business prepare and adjust its marketing plans. It is possible to buy intelligence information from outside suppliers (e.g. IDC, ORG, MARG) who set up data gathering systems to support commercial intelligence products that can be profitably sold to all players in a market.
- (3) Market research – Management cannot always wait for information to arrive in bits and pieces from internal sources. Also, sources of market intelligence cannot always be relied upon to provide relevant or up-to-date information (particularly

for smaller or niche market segments). In such circumstances, businesses often need to undertake specific studies to support their marketing strategy – this is market research.

5 (a) How opinion leadership and self concept influence buyer behavior ?

Ans. Opinion Leadership is the process by which the opinion leader informally influences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients. Opinion receivers perceive the opinion leader as a highly credible, objective source of product information who can help reduce their search and analysis time and perceived risk.

Opinion leaders are motivated to give information or advice to others, in part doing so enhances their own status and self image and because such advice tends to reduce any post purchase dissonance that they may have. Other motives include product involvement, message involvement or any other involvement.

Market researchers identify opinion leaders by such methods as self designation, key informants, the sociometric method and the objective method.

Studies of opinion leadership indicate that this phenomenon tends to be product category specific, generally one of their interest. An opinion leader of one product range can be an opinion receiver for another product category.

Generally, opinion leaders are gregarious, self confident, innovative people who like to talk. Additionally, they may feel differentiated from others and choose to act differently (or public individuation).

They acquire information about their areas of interest through avid readership of special interest magazines by means of new product trials.

Their interests may often overlap into adjacent areas and thus their opinion leadership may also extend into those areas.

The opinion leadership process usually take place among friends, neighbours and work associates who have frequent physical proximity and thus have ample opportunity to hold informal product related conversations. These conversations usually occur naturally in the context of the product-category usage.

The two – step flow of communication theory highlights the role of interpersonal influence in the transmission of information from the mass media to the populations at large. This theory provides the foundation for a revised multi step flow of communication model, which takes into account the fact that information and influence often are 2 way processes and that the opinion leaders both influence and are influenced by opinion receivers.

It is important for the marketers to segment their audiences into opinion leaders and opinion receivers for their respective product categories. When marketers can direct their promotional efforts to the more influential segments of these markets, these opinion leaders will transmit the information to those who seek product advice.

Marketers try to simulate and stimulate opinion leadership. They have also found that they can create opinion leaders for their products by taking socially involved or influential people and deliberately increasing their enthusiasm for a product category.

The diffusion process and the adoption process are 2 closely related concepts concerned with the acceptance of new products by customers.

The diffusion process is a macro process that focuses on the spread of an innovation from its source to the consuming public.

(b) Explain Vertical marketing system.

Ans. A vertical market system (VMS) is a channel of distribution in which the individual members cooperate to increase efficiency by eliminating competition between the various entities involved in the supply chain. A VMS may be formal or informal. A vertical marketing system (VMS) is one in which the main members of a distribution channel—producer, wholesaler, and retailer—work together as a unified group in order to meet consumer needs. In conventional marketing systems, producers, wholesalers, and retailers are separate businesses that are all trying to maximize their profits. When the effort of one channel member to maximize profits comes at the expense of other members, conflicts can arise that reduce profits for the entire channel. To address this problem, more and more companies are forming vertical marketing systems.

Vertical marketing systems can take several forms. In a corporate VMS, one member of the distribution channel owns the other members. Although they are owned jointly, each company in the chain continues to perform a separate task. In an administered VMS, one member of the channel is large and powerful enough to coordinate the activities of the other members without an ownership stake. Finally, a contractual VMS consists of independent firms joined together by contract for their mutual benefit. One type of contractual VMS is a retailer cooperative, in which a group of retailers buy from a jointly owned wholesaler. Another type of contractual VMS is a franchise organization, in which a producer licenses a wholesaler to distribute its products.

The concept behind vertical marketing systems is similar to vertical integration. In vertical integration, a company expands its operations by assuming the activities of the next link in the chain of distribution. For example, an auto parts supplier might practice forward integration by purchasing a retail outlet to sell its products. Similarly, the auto parts supplier might practice backward integration by purchasing a steel plant to obtain the raw materials needed to manufacture its products. Vertical marketing should not be confused with horizontal marketing, in which members at the same level in a channel of distribution band together in strategic alliances or joint ventures to exploit a new marketing opportunity.

6 (a) A company desires to enter the packaged fruit juice market. Discuss the market research process to be followed to study the consumer attitude towards the packaged fruit juices.

Ans.

(b) Discuss the importance of Branding for Marketers.

Ans. Branding is a key concept in marketing circles, as it is the pivotal springboard that can thrust your business forward, and give you a competitive edge. A well-defined and strong brand will drive sales, build customer loyalty, create brand value, and most of all, it will be the catalyst for business growth, as consumers will be motivated to buy your product.



A brand is usually associated with the logo, sign, name, or other image that consumers associate with your company and product. But in fact, brand also incorporates other factors, and encompasses those unique characteristics that distinguish your product, and sets it apart from the competition. It also relates to the quality of your product, the way you do business, and how you are perceived by others.

Business branding is therefore important to every business regardless of the size, because it communicates information about your business and product to the market. It will influence the cost of your product, packaging, marketing and advertising strategies, distribution channels, and more. Branding is all about establishing an identity, and becoming recognized for it.

There is no denying the importance of branding, especially for the small business.

Consumers are always willing to buy products they know and trust. A strong, well defined brand, gives you a competitive advantage in the market. It allows you to charge more for your product, knowing that consumers will remain loyal, and buy it at the higher cost. That is the result of consistent reinforcing of the brand, which enables positive responses from the consumer.

Branding is one way to attract new customers. When a customer comes to you because of all they have heard about your product and business, then you can be certain that they are serious about buying. When you run marketing campaigns, you are simply throwing out a wide net to attract a large number of customers. From there your marketing guys spend time with those leads to find out who is really serious. That takes a lot of time and money, and in the end, you are not sure that those customers will buy. On the other hand, branding puts you in a position to attract serious buyers first off.

Those leads might have been generated because of satisfied customers, who are happy to spread the word. Or, they might have been the result of persistent market reinforcement. However the key is, they came about due to a branding strategy that effectively communicated the solution the customer was looking for.

Branding puts you in touch with customers who know your business and your product before they even step inside your place of business, or buy your product off the shelf. They know about you because of your brand, and the value that goes with it.

As we have seen, branding is an effective way to facilitate the growth of your business. When successfully implemented, branding can give you a strategic position in the market, and eventually lead to increased profit. This is achieved as a result of the influx of new customers, and the continuing support of existing ones. Branding builds brand loyalty and value, attracts new customers, and makes you stand out from the competition. These are all key components in ensuring the continued profitability of your business.

Branding is a very powerful component in business. The brand must have a logo to make branding easier and more possible. The consumers decide if they will buy a product or use a service based on how they view the brand. The brand itself tells us or let us imagine how good or bad the product is even if we never tasted it before! All that brand promotion and advertising really do tell us how great a brand can be (like Nike). Once a customer likes your brand he/she will definitely come back for repeated services or products. The qualities of the product or services are ensured through the customers minds from the brand image.

Brand is not only convenient for businesses for repeated customer purchase but also easier for customers to filter out the countless generic items. Brand gives consumers the reason to buy it and wastes less time for consumer to choose.

There are ways to improve a brand from advertising such as viral campaign (more trustworthy), online ads, print ads and commercials. Another way is to improve your product or services that will reinforce the brand. This is a good way to promote your brand by always being in the cutting edge or “customer’s first image”.

The qualities of your products and services will reinforce the brand. Advertise as much as possible to spread that message and make it into a cult brand. Branding doesn’t only benefit the business but you as well (yes I mean it). The brand you choose reflects who you are and expresses yourself on what you like to do and be able to join the community of like minded people. Branding is a win: win situation for both the businesses and the loyal customers.

SECTION –B CASE STUDY

Read carefully the following two case situation given below and answer the questions mentioned at the end of each case.

- (a) The pen market in India is around Rs.700 crores and 60 to 65 % of the market belongs to ball pens. Growth is in the range of 20 % annually. The “ X “ brand created a kind of revolution by bringing in an offering priced higher than a number of competing brands and also offered greater reliability and superior flow. The brand is a market leader. “ Y “ was a follower brand priced below X and it has become a 50 crore brand. The brand also provided a ‘secondary ‘ differentiation by introducing a number of colours.

Question :

Explain the pricing strategy of “Y” and its relevance to this situation.

ABC is well – known brand in the cement industry. It has a large distribution network of around 8000 plus stockists and 20 C and F agents. During the last decade the company’s

market share has gradually declined to 15% from earlier 30%. About a couple of years ago, the brand opened its first company – owned retail outlet called “ABC Ki duniya” (World of ABC). The outlet reassures the customer about the genuine material, and encourages interaction besides displaying a range of refractory and aluminium based products. This type of outlet is also likely to enhance the company’s image.

Question :

Taking into consideration the cement market and the commoditized nature of the product, comment on the pros and cons of an outlet of this kind. Would such outlets along enhance sales? Explain your answer.



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