Karpagam Academy of Higher Education

(Deemed University Established Under Section 3 of UGC Act, 1956)

Coimbatore - 641 021.

II Internal Test(2016 & 2017)

Part-A

1. Skimming pricing
2. Mark-up pricing
3. Human
4. Using Internet for business
5. Business to Business
6. 1986
7. Middle Men
8. Transportation & storage
9. Modern marketing
10. Electronic Marketing
11. Customer Relationship Marketing
12. Conspicuous consumer
13. Force the competitors out of the Market
14. Pricing lining
15. Speciality goods
16. Easy to Remember
17. Brand name
18. Marketing managers
19. Consumers
20. Human behaviour

Part-B

What is pricing strategy?

A good and proper pricing policy may be employed to achieve a predetermined share of the market. There are two methods:

- Skimming pricing:
- Penetration pricing:

Write a note on direct marketing?

Direct marketing is related to face-to-face marketing. This type of marketing both manufactures and consumer /customer meet each other

What do you mean by CRM?

Part-C

Explain the factors effecting pricing decision?

FACTORS AFFECTING PRICING DECISIONS

(A) Internal factors

- Organizational factors
- Marketing mix
- Product differentiation
- Cost of the product
- Objectives of the firm

(B) External factors

- Demand
- Competition.
- Suppliers
- Economic conditions
- Buyers
- Government

Enumerate the various method of pricing?

KINDS OF PRICING

1. Psychological pricing
2. Customary Pricing.
3. Skimming pricing
4. Penetration Pricing
5. Geographical Pricing:
   (a) F.O.B. Pricing
   (b) Zone Pricing
   (c) Base Point Pricing
6. Administered price
7. Dual pricing
8. Mark up Pricing
9. Price Lining
10. Negotiated Pricing
11. Competitive Bidding.
12. Monopoly Pricing.
13. Oligopolistic Pricing
    (a) Trade Discounts
    (b) Quantity Discounts
    (c) Cash Discount.
    (d) Seasonal Discount
    (e) Allowances

Objective and importance of sales promotion-discuss

Objectives Of Sales Promotion

The main objective of sales promotion is to bring about a change in the demand pattern of products and services. First, it is meant to provide important marketing information to the potential buyers.

- To increase sales directly by publicity through the media which are complementary to press and poster advertising.
- To discriminate information through salesmen, dealers etc so as to ensure the product getting into satisfactory use by the ultimate consumers.
- To attract the prospective buyers towards the product and to induce them to buy the product at the point of purchase.
- To enable the salesmen to achieve more sales in their territory in preference to another.
- To ensure the co-operation of the retailers to sell one brand in preference to another.

The second objective is to convince and influence the potential buyers through persuasive measures. Thirdly, sales promotion is meant to act as a powerful tool of competition. The specific objectives of sales promotion are as follows:

1. To introduce new products or services
2. To attract new customers
3. To induce existing customers to buy more
4. Helps the firm to remain competitive
5. To increase sales in off-seasons
6. To add to the stock of the dealers

Importance of sales Promotion

Communication plays an important role in marketing. Communication perform the function of informing the target customer about the nature and type of the firm's product and services, their unique benefits, uses and features as well as the price and place at which these products can be purchased. The nature of marketing communication is persuasive since it aims at influencing the consumer behaviour in favour of the firm's offering. These persuasive communications are commonly called "Promotion". In the context of marketing promotion refers to the applied communication used by marketers to exchange persuasive messages and information between the firm and its various prospective customers and general public.

Marketing communication is the essential element of the promotion function of marketing. Effective marketing depends on effective management of its promotion function. Effective promotion comes through effective communication. Success of products like hot-shot camera, Maggie 2 minute noodles, Khaitan fans, and UTI's ULIP scheme are purely depend on the promotion function played by the respective marketing firms. There are products which are failed due to the lack of effective promotion.

With the growing competition in the market place as well as the customers becoming better informed and more choosy, it is important now that marketing communications of the right kind only are made to the right group of target buyers. Giving below the purpose of Promotion

- Communicating information
- Promotion is persuasive Communication
- Promotion serves as a reminder

The possible objectives for marketing promotions may include the following:

- Build Awareness
- Create Interest
- Provide Information
- Stimulate Demand
- Reinforce the Brand

Explain the various distribution channels

<u>Types of channel of distribution</u>

1. Manufacturer-consumer:
2. Manufacturer-retailer-consumer:
3. Manufacturer-wholesaler-retailer-consumer
4. Manufacturer-agent middlemen-wholesaler-retailer-consumer

Recent Development in E-Marketing in India

Digital Marketing industry in India is spread to almost all the business sectors. Some of the applications of E-Marketing are shopping and order tracking, online banking, payment systems and content management.

The power of digital marketing allows geophysical barriers to disappear making all consumers and businesses on earth potential customers and suppliers. It is known for its ability to allow business to communicate and form a transaction anywhere and anytime.

Digital marketing industry in India is a booming career today. In a country with a rapid growth economy, it is expected to have a very high significant growth in Digital marketing career. The growth in the digital marketing trends is making a very substantial impact on marketing and advertisement. The big picture of Digital Marketing industry in India cannot be complete if short preview of the past digital marketing statistics is not made.

The following survey from people indicates the size of Digital Marketing industry in India:

34% of the companies already had an integrated digital marketing strategy in 2016

72% marketers believe that traditional model of marketing is no longer sufficient and this will make the company revenue to be increased by 30% by the end of 2017

In 2017, 80% businesses will increase their digital marketing budget which may surpass the IT budget. Only the illiterates could not access the potentials of the digital marketing because of the accessibility to computing devices and computer education. Many of the people in this category still don't trust the method of an online payment and they lack training in English Language and other foreign languages to market online in global markets.

Consumer Protection Act

Consumer Protection Act, 1986 is an Act of the Parliament of India enacted in 1986 to protect the interests of consumers in India. It makes provision for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and for matters connected therewith also.

Questions	Option-A	Option-B	Option-C	Opion-D			Answer
The barter system is	A system of trade that involves an exchange of goods and services for money	A system of exchange of money for goods and services	A system of trade that involves an exchange of	ecxhange for consideration			A system of trade that involves an
Niche marketing" means	Selling products that are non-specific	Targeting a wide-variety of people	Personalized products targeting narrow groups	maketing services			Personalized products targeting
The process involved in moving the product from the producer to the consumer is referred to as:	Stream of Products	Channels of Distribution	Flow of Goods	All of the above			Channels of Distribution
The group of people who create the original product before it is shipped to the stores is called the:	Consumer	Designer	Producer	seller			Producer
The type of business person who sells natural goods that are unaltered is called an:	Extractor	Farmer	Excavator	Remover			Farmer
An Ultimate Consumer is one who:	Buys products from retailers for personal use	Buys products and sells them to kids	Sells products from a retail store	marketing			Buys products from retailers for
When a product is shipped from a producer to a retailer it is handled in the middle by	Shipper	Interpreter	Entrepreneur	Intermediary			Intermediary
Stores like Costco are classified as:	Discount Outlets	On-line discounters	Producers	Retailers			On-line discounters
When you receive goods from another country it is called:	Exporting	Deporting	Transfer	Importing			Importing
Ways of thinking, acting, or feeling – are considered most important.	Skills	Attitudes	Self-esteem needs	Special Qualities			Attitudes
Consumer behaviour is an area of marketing that examines…	The steps that consumers go through in deciding what to buy	What motivates and influences consumers to buy	How and why consumers respond to different	advertisement			What motivates and influences
The consumer buying process includes the following steps.	Problem recognition, information search, evaluation of alternatives, making the purchase, re-evaluating the purchase	Problem recognition, information search, evaluation of alternatives, making the purchase	Problem recognition, information search, making the purchase, re-evaluating the purchase	risk			Problem recognition, information search, evaluation of alternatives, making the purchase, re-evaluating the purchase
Cognititive dissonance is found in which section of the consumer buying process?	Problem recognition	Information search	Evaluation of alternatives	Making the purchase			Evaluation of alternatives
Reference groups refer to…	One person that influences consumers	A group of people that influences consumers to buy	A company that references	A and B			A group of people that influences
A human's perception is….	The way a person discusses a situation	The way a person looks at perplexing problems	The way a person views the world	A and B			The way a person views the world
When individuals respond selectively to marketing messages in their environment this is called	Broad selection	Attitudes and views	Selective perception	purpose			Selective perception
Wholesaling does not include which of the following services	Market research	Selling	Promotion	Distribution			Market research
The group of customers to whom the company directs its marketing program towards is called	Test market	Target market	Retailers market	Marketable people			Marketable people
Which of the following is not involved in the consumer buying process	Problem recognition	Making the purchase	Distribution	Information search			Problem recognition
A pair of jeans would be considered	Convenience goods	Specialty goods	Shopping goods	easy			Shopping goods
purchase of car	Specialty goods	Shopping goods	Convenience goods	Necessary			Specialty goods
A package of diamond would be classified as	Shopping goods	Convenience goods	Specialty goods	rich			Specialty goods
A good brand name should be which of the following	Brief	Easy to remember	Catchy	easy			Easy to remember
Which is the highest level of brand loyalty	brand image	Brand preference	Brand recognition	Brand insistence			Brand preference
Which is the lowest form of brand loyalty	purcahse	Brand preference	Brand recognition	Brand insistence			Brand insistence
An ordinary Sony Playstation 1 would be in which stage of the product life cycle.	Obsolescence	Maturity	Growth	Introduction			Obsolescence
The current Sony Playstation would be in which stage of the product life cycle.	Decline	Obsolescence	Introduction	Growth			Introduction
Distribution channels are…	Maturity	Decline	Paths of distribution	Ways of buying goods			Paths of distribution
The paths products take from the producer to the consumer	The paths products take from wholesaler to consumer	sales	"Intermediaries" can also be called	Even numbers			"Intermediaries" can also be called
Distribution channels	Retailers	Consumers	Middlemen	Producer – wholesaler – retailer			Producer – wholesaler –

New type of channel	A retro channel	A traditional channel	Normal Channel	Reverse Channel			A retro channel
________ _________ is a strategy in which a manufacturer acts, as it's own retailer or wholesaler.	Channel leadership	Integrated distribution channel	Extensive distribution channel	channel-1			Integrated distribution
The purpose of a display is to	Catch a customer's attention	Encourage customer's to brows and examine merchandise	Allow employees quick visual control of merchandise	allowed			Catch a customer's attention
The 2 main categories of displays are	Interior and exterior	Open and closed	Open and interior	Closed and exterior			Interior and exterior
"Visual merchandising" means	A desire that can be satisfied after basic needs are met	An effective display of goods that appeals to the customer's senses, primarily sight	A term referring to all the business activities involved in buying,	A person who recommends another person to a potential			An effective display of goods that appeals to the
A dump display is	A large board, usually outdoors, on which advertisements are placed	A display of odds and ends, clearance, or low-priced goods for	A display of goods for sale on a wall ledge,	look			A large board, usually outdoors,
An architectural display is	Strictly for architects	A display that has been specifically constructed to suit a particular	Ideal for presenting major items related to the home	Both b and c			Strictly for architects
Two examples of exterior displays are	Storefront sign and gondola shelving	Table displays and dump displays	Display windows and sidewalk displays	Showcase displays and display racks			Storefront sign and gondola
A display principle is	Create simple and effective displays	Design from the customer's point of view	Maintain displays	An important thing to remember when			Create simple and effective displays
Cross-merchandising	Mixed merchandising	Counter merchandising	None of the above	One of the functions of effective lighting			Mixed merchandising
The term "store design" refers to	Store's physical appearance	The type of placement of fixtures, furnishings and equipment	The location of selling and non-selling areas	All of the above			All of the above
The successful retailer studies	Human behaviour	General	Non-human behaviour	specific			Human behaviour
A habit is	A thought or feeling which that causes a person to act or react in a certain way	A characteristic way of thinking or behaving	A natural reaction	taste			A thought or feeling which that
In Maslow's Hierarchy of needs, one of the physical needs is	Food	Self-respect	Self-fulfillment	rice			Food
In Maslow's Hierarchy of needs, one of the social needs is	Feeling of belonging	Rest	Sense of worth	value			Sense of worth
In Maslow's Hierarchy of needs, one of the self-actualization needs is	Being self-fulfilled	Air	Security in job	price			Being self-fulfilled
A developed sales personality is	Positive attitude	Honesty and sincerity	Friendliness	motive			motive
One of the duties of a salesperson is	Sell goods and services	Direct customers	Handle returns and complaints	free of cost			Sell goods and services
Stock keeping involves	Maintenance	Arranging and displaying goods	Replenishing shelves and racks	inventory			Maintenance
Possible causes of shrinkage	Goods that are out of style	Perishable items that have gone bad	Returns	durability			Perishable items that have gone
Stock rotation is	Moving stock so that newer stock is in front	Moving stock so that older stock is in front	Mixing older and newer stock	Any of the above			Moving stock so that older stock is
The most commonly used method of setting retail prices is:	Meeting the competitions prices	Cost plus pricing	Prestige pricing	Customary pricing			Customary pricing
Meeting the competitions prices is sometimes an attempt to:	Force the competitors out of the market	Make the most profit in a given situation	Simplify the price-determination process	Price according to the customers ability			Force the competitors out of
A pricing method that lets the consumer compare price-per once against the full bottle is:	Price lining	Unit pricing	Psychological pricing	One-price strategy			Price lining
Introducing a new product at a price low enough to attract a large share of the market is called:	Psychological pricing	Geographic pricing	Penetration pricing	Skimming pricing			Skimming pricing
When a manufacturer's cost of an item depends on the number ordered or varying production costs, the manufacturer is:	Cost-plus pricing	profir plus	Mark-up pricing	Unit pricing			Mark-up pricing
Marketers concerned with transportation costs tend to use:	Geographic pricing	Cost-plus pricing	Unit pricing	Psychological pricing			Geographic pricing
Retailers who price their merchandise with odd numbers are using:	Mark-up pricing	Cost-plus pricing	Psychological pricing	Unit pricing			Psychological
What is a loss leader?	A reduction in price from the original selling price.	A claim placed on the property of another as a safeguard for payment of a debt in connection with that property	An item sold below cost to get rid of access inventory	An item sold below cost in order to attract customers to the store			An item sold below cost in order to attract customers to the store
Mark-downs do not stimulate sales when they:	Are offered as special prices to special groups	Act as leaders to attract customers	Meet or better the competition's price	When volumes offset losses			Act as leaders to attract customers

UNIT-2							
Sales=	cost of goods + operating expenses – profit mark-up	cost of goods – operating expenses + profit mark-up	cost of goods – operating expenses – profit mark-up	cost of goods + operating expenses +			Act as leaders to attract customers
The economist relates price to	supply	demand	all of the above	price			all of the above
The portion of the retail selling price that covers the retailer's operating expenses and profit is known as	Profit	Mark-up	Mark-down	profit plus			Profit
________ is the amount left over after all the costs and operating expenses have been paid	Profit	Mark-up	Mark-down	mark plus			Profit
What are three factors affecting price?	Store wide financial objectives, competition and prices of related goods	Planned price reductions, people buying more than one good and consumers want to pay more	Manufacturers want people to pay a lot more for the product, mark-ups and cost total	All of the above			Store wide financial objectives, competition and prices of related goods
What is the definition of a mark-up?	How much the manufacturer wants to bring the price up	The portion of the retail selling price that covers the retailer's operating expenses and profit	The portion of a the amount of money it took to make the product and who made it	All of the above			How much the manufacturer wants to bring the price up
Sales = cost of goods + operating expenses + profit, what is this equation meaning?	Profit	Store –wide financial objectives	Mark-up	Loss			Store –wide financial objectives
Store –wide financial objectives	Merchandise and the operating expenses and to earn at least a satisfactory profit	The product and new car they have waiting for them to buy	Employee costs, rent and operating expenses	banker			Merchandise and the operating expenses and to earn at least a satisfactory profit
The cost of goods include…	Amount of money a retailer actually pays	Amount of money a consumer pays	Who made the product	buyer			Who made the product
Operating expenses include	Food costs, your wages, cleaning bill	Employee wages, advertising, building rentals, utilities and others	Transportation fees and utilities	cost of goods + operating expenses + profit mark-up			Employee wages, advertising, building rentals, utilities and others
Pricing goods too ____ results in a ____ profit potential, and pricing goods too ____ results in ____ of profit through reduced sales volume.	Low, lost, high, loss	High, lost, low, loss	Loss, high, low, lost	low margin			High, lost, low, loss
Manufacturers will often pay more to have their stock on ________.	Grab level	Ground Level	Waist level	Eye level			Grab level
Lighting which goes from the light fixture to the product with no reflection is called?	Indirect	Direct	Semi-direct, Diffused	Semi-indirect			Indirect
Lighting is important because	It helps creates a feeling of buying	It helps creates the stores atmosphere	It helps creates the stores blueprint	It helps sell slower moving items			It helps creates a feeling of buying
Which of the following is a function of effective lighting?	Give store "personality"	Give the store increase selling power of products	Give store "image"	Both b) and c)			Give the store increase selling power of products
Point of Sale Terminals refer to	Displays of merchandise	Discount stores	Sale display racks	Cash register			Cash register
A "cluttered" undemonstrated atmosphere best for a	Department store	Clearance store	Grocery store	Gas station			Department store
First impressions often are	Lasting	Important	Fleeting	Both a) and b)			Important
The stores floor plan is also called a	Store design	Store layout	Store blueprint	Both a) and c)			Store layout
In none self-service stores, counters and displays are positioned to slow shoppers down. This is to	Encourage browsing	Encourage proper sales techniques	Encourage a friendly atmosphere	selling			Encourage browsing
A customer who knows what he/she wants is	A hurried customer	A talkative customer	A decided customer	An unhurried customer			A decided customer
Suggestion selling is	A recommendation for a specific complementary or accessory item to supplement the customer's purchase	The customers who are most likely to purchase a the particular products or services a retailer	A method of non-store retailing in which the salesperson makes a prepared sales pitch about the company's products or services on the telephone or television screen	All of the above			A recommendation for a specific complementary or accessory item to supplement the customer's purchase
"These are new arrivals" is	A service greeting	A social greeting	A merchandise greeting	All of the above			All of the above
The term "caveat emptor" means:	Let the buyer beware	The buyer is always right	The buyer is never right	None of the above			Let the buyer beware
Legally retailers are not required to:	Take goods back	Return money	Give credit vouchers	All of the above			Give credit vouchers
The legal term caveat emptor means:	Let the buyer beware	Let the customer come first	Let the customer rob you	consumer			Let the buyer beware
Stores mainly compete on:	Goods	Price	Customers	Location			Location
The term e-commerce includes	Electronic trading of Physical goods and intan	The electronic provision of services	All the steps involved in trade, s	online commerce			All the steps involved in trade, such as on-line marketing ordering payment and support for delivery.
Which of the following is the largest community in classification of e-commerce?	Business to Business (B to B)	Business to Consumer (B to C)	Business to Government (B to G	Government to Government (G to G)			Business to Business (B to B)
Which of the following is not the example of business to consumer (B to C) e-commerce?	Amazon.com	e-bay.com	dell.com	lastminute.com			e-bay.com
The types of Business to Business e-commerce are	Direct selling and support to Business	Industry portals	Information sites about a industr	supporting business			Direct selling and support to Business
Which of the following are the benefits of E-marketing?	Speed	Reach and Penetration	Ease and Efficiency	quick			Speed
.... is the process of recreating a design by analyzing a final product.	Forward Engineering	Reverse Engineering	Backward Engineering	None of the above			Reverse Engineering

.... is simply the use of electronic means to transfer funds directly from one account to another, rather than by cheque or cash.	M-Banking	O-Banking	E-Banking	D-Banking			E-Banking
The telephone banking service includes	Automatic balance voice out	Inquiry all term deposit account	Direct cash withdraw	net banking			net banking
Which of the following are the forms of E-banking?	Internet Banking	Telephone Banking	Electronic Bill Payment	net banking			net banking
What is the full form of SWIFT?	Society for Worldwide Internet Financial Tel	Secret Wide Interbank Financial Te	Society for Worldwide Interban	system wide information fund tranfetr			Society for Worldwide Internet Financial Telecommunications.
The collection of activities used to sell products to directly to end user for non business use is classified as	A. inter-modeling	A. distribution operation	A. wholesaling	retailing			A. inter-modeling
The use of in-store advertising to broaden brand equity and encourage favorable purchase decisions is classified as	A. exclusive marketing	shopper marketing	A. outbound marketing	nbound marketing			A. exclusive marketing
A legal compliance program should contain coverage of which of the following areas?	Intellectual property	Marketing communication	Product liability	pattent			Intellectual property
Two major movements that aim to keep business in line are __________.	Consumerism and environmentalism	Industry Codes of Practice and Cod	Green Peace and the World Wil	Australian Senator Brown and American Ralph			Consumerism and environmentalism
What is environmentalism?	Pollution prevention	A political movement that divides li	The practice of adopting polici	An organised movement of concerned citizens,			An organised movement of concerned citizens, businesses and government agencies to protect and improve people's living environment
As a consequence of the imbalance between seller's and buyer's rights, consumer advocates have won additional consumer rights excluding ___	The right to know the true cost per unit of a b	The right to return a product within	The right to know the ingredien	The right to know the nutritional value of the p			The right to know the true cost per unit of a brand
Under the 'social marketing concept', each manager must look beyond what is legal and allowed and develop standards.	Based on personal integrity and corporate con	Based on professionalism and long r	Based on corporate conscience	Based on personal integrity, corporate conscier			Based on corporate conscience
Legal education programs tend to cover relationships with __________.	Competitors	Suppliers	Industry itself	All of the above			All of the above
Australian Standard AS3806-1998 was released by __________.	Australian Marketing Institute	Federal Department of Consumer A	Australian Competition and Co	Standards Australia			Federal Department of Consumer Affairs
Which is not one of the 'evils' that marketing has been accused of?	Unhealthy competition	Too few social goods	Cultural pollution	False wants and too much materialism			Too few social goods
Why is the concept of cultural pollution a so-called 'evil' of marketing?	It clogs people's minds with messages of mate	It has an adverse impact on the natu	It provides too many product ch	It leaves consumers confused as to which produ			It leaves consumers confused as to which products to purchase
The protection of a business name, trademark and Internet domain name is referred to as __________.	Legal compliance	Intellectual property	Copyright	Patent			Copyright
According to your text book, the corporate marketing ethics policies should cover __________.	Product development	Distributor relations	Advertising standards	All of the above			All of the above
According to your text book, the main source of Australian competition law is __________.	Standards Australia	Trade Practices Act	Australian Competition and Co	Trade Practices Act and case decisions interpre			Trade Practices Act and case decisions interpreting this legislation
Which of the following best defines marketing?	low market growth and strong market share	high market growth and low market	low market growth and low ma	high market growth and high market share			high market growth and high market share
Which of the following is not one of McCarthy's Four P's?	product	place	profit	price			profit
Which of the following is NOT part of the marketing environment?	customers	institutional patterns	organisation supply channels	technology			institutional patterns
Which of the following is not a form of reactive market research?	questionnaires	test marketing	focus groups	observation			focus groups
Which of the following is not a form of differential advantage?	superior technology	well-known brand name	cost leadership	after-care service			cost leadership
Which of the following is NOT an organisation resource?	technical resources	factor endowment	customer base	profitability			factor endowment
In Maslow's hierachy of needs what is seen as the highest level need?	ego-status	belonging	self-actualisation	security			ego-status

UNIT-3							
keting are	Different	Same	Closely re	Not related			Different
Use of vol	Spot and F	Regulated	Controlled	Wholesale and Retail			Spot and Forward
Using con	Perfect an	Service an	Present an	Hard cash and credit			Service and Product
The object	Four	Five	Six	Two			Six
Concepts (	Four	Five	Six	Three			Five
Features o	Three	Four	Five	Six			Three
Marketing	consumer	seller	buyer	shop keeper			consumer
Market an	same	different	closely rel	not relalted			different
Concepts (	Four	five	six	two			five
Modern m	consumer	seller	buyer	shop keeper			consumer
Marketing	buying	selling	Marketing	production			production
Modern__	buying	selling	Marketing	production			Marketing
Marketing	latent	new	old	todays			latent
Marketing	new	old	todays	effective			effective
Marketing	latent	new	old	todays			todays
Marketing	necessarie	luxuries	demand	sales			necessaries
Marketing	todays	new	yesterdays	different			yesterdays
Marketing	necessarie	luxuries	demand	sales			luxuries
________	Modern m	Marketing	luxuries	demand			Modern marketing
All the bu	stability	profit&los	Profit	loss			Profit
Factors in	Five	Six	Seven	Four			Six
Marketing	Science	Art	Both Art	Profession			Both Art and Science
Societal n	Quality of	Safety of l	Increased	Real value for money			Increased satisfaction
Manufactu	Labour m	Resource	Six	Bill Market			Six
Market w	Buyers a	Consume	Wholesal	Managers and Manufacturers.			Buyers and Sellers
Marketing	Executin	Deciding	Choosing	Distributing			Executing
The inner	Goods	Money	Dollars	sales			Deciding
Selling co	Rural	Urban	Non-prof	Local			Non-profit
Their aim	Market	Demand	Supply	interanational			Market
Marketing	High	Low	Constant	Both a and b			High
A compar	customer	wholesal	retailer	agent			customer

Marketing	Productio	Marketing	Manager	Development		Marketing
There is c	Demand	Supply	Income	Taste.		Demand
Marketing	Physical	Mental	Business	Human		Business
The firm c	Environm	Economic	Social	Historical		Environmental
Selling be	Goods	Raw Mat	Currency	Foreign currency		Goods
Marketing	Private	Public	Both a ar	Production		Public
The appli	Social	Resource	Manufact	producer		Social
______ in	Decrease	Increase	Constant	medium		Increase
______ p	Marketin	Social Se	Manufac	distributor		Marketing
Marketing	effective	ineffectiv	both a and	efficient		effective
Marketing	National	Regional	Global	Local		Global
Marketing	Dynamic	Static	Non-dyn	non static		Dynamic
Distributi	Indian	Modern	Moderate	Local		Modern
The conce	Economic	Industrial	Agricultur	Historical		Economic
Professio	High	Low	Insurance	medium		Insurance
The infor	One	few	many	large		many
Marketing	Taste & P	Quality &	Both a & b	taste		Taste & Preference
An efficie	Price	Quality	Market	Demand		Price
Marketing	Minimum	Maximum	Constant	Stable		Maximum
It is essent	Inter-depa	Departme	Group&Se	marketing		Group&Section
Maximum	Short	Medium	Long	very long		Short
Marketing	Interaction	Distractio	Diversion	Direction		Interaction
The ultima	Human	Luxurious	Unlimited	Limited		Human
To realise	Sale	Purchase	Price	Loss		Sale
Marketing	One perso	Two perso	More than	Every person		Every person
Sales are	Primary	secondary	Both a& b	Tertiary		Primary
________	Urban	Rural	Local	Regional		Rural
Marketing	Manufact	Consume	producer	Basic		Consumer
The categ	buying	selling	assemblin	marketing		selling
Buying &	agent	middle me	retailer	wholesaler		middle men
The physic	buying &	transporta	producers	selling		transportation & storage
Transporta	place	time	form	possession		place

UNIT-4							
The succe	finance	productio	risk	customer			risk
Procureme	sales depa	productio	finance de	marketing			finance department
The goal c	supplier	retailer	consumer	wholesaler			consumer
The first p	concentra	dispersion	equalisatio	marketing			concentration
Concentra	equalisatio	dispertion	concentrat	marketing			dispertion
Who has	Huegy	pyle	mitchell	Tousley			pyle
The secor	dispersior	concentrat	physical s	equalisation			physical supply
_______ a	funds	loans	cash	debentures			funds
________	Buying	Selling	Financing	dispersing			Selling
________	Commur	Transporta	Risk beari	Financing			Transportation
Financial	Bill manu	Assemblir	Selling	Production			Assembling
Continuou	Storage	Transporta	Risk Beari	Finance			Storage
the standa	Clark and	dudd	revzan	Duddy & Revzan			Clark and Clark
_________	Finance	Storage	Transporta	Risk Bearing			Risk Bearing
The mark	Two	Four	Three	Six			Three
The prime	Design	price	quantity	quality			Design
The proce	Dispe	Concentra	equalisatio	realisation			Concentration
Ensuring c	Dispe	Concentra	equalisatio	Risk Bearing			Concentration
________ r	Dispe	Concentra	equalisatio	Risk Bearing			Dispersion
The functi	buying an	Profit &	a & b	Risk Bearing			buying and selling
Adjustme	Dispe	Concentra	equalisatio	Risk Bearing			equalisation
Functions	Three	Two	Five	Four			Two
Functions	Four	One	Two	Three			One
Facilitatin	two	three	four	five			four
Warehous	place	time	form	possession			time
Dispersior	Concentra	Productior	Equaliza	distribution			Production
The aim o	Profitable	Retail Pric	Market Pr	Fixed price			Profitable and acceptable price
The proce	Marketing	Marketing	Facilitatin	Facilitating mechanism			Marketing mechanism
The definition “a major specialized activity performed in marketing” is giv							T.F.Pyle
by __	T.F.Pyle	Huggy	Mitchell &	Tousley, Clark and Clark.			
Physical s	Place & fo	Time & fo	Place and	time			Place and time

________	Facil	Exchang	Transport	Warehouse			Facilitating
The much	Fina	Market in	Risk Beari	Standardization.			Market information
The Princi	two	three	four	five			three
________	Transp	Warehou	Productio	storage			Warehouse
________	Middl	Consume	Manufactu	Producers			Manufacturers
________	Fashion go	Prices	Finance	price			Fashion goods
If the pur	Reciproc	Scattered l	Concentra	Negotiation.			Concentrated buying
_____ may	Mark	Marketing	Ware hous	store room			Marketing risk
Transporta	Phys	psycholo	Comercial	secondary market			Physical marketing
From 182	Airv	Roadway	Railways	transport			Railways
Growth of	Size	Growth	Profit	Loss			Growth
Transport	produ	price equ	quality ec	quantity equalization			price equalization
Conversio	Econo	Productio	Scale o	Large scale production			Production of goods
Transport	Time	Place	Form	Product			Place
________	Roads	Railways	Airways	Shipping			Roads
Due to inv	Rail Tr	Air Trans	Space Tr	Air Transport			Space Transport
________	Pathw	Head loa	Pack ani	Road Transport			Head load
________	Air T	Shipping	Pathways	Motor Trucks			Motor Trucks
Transport	Econ	Scientific	Commerci	Historical			Economical
Rains and	Tramv	Shipping	Pathways	Motor Trucks			Tramways
________	Tramv	Pipelines	Pathways	Motor Trucks			Pipelines
96% of the	Railw	Airways	Ships	Road Transport			Pathways
_______ i	DIS	MIS	KIS	OPS			MIS
Modern m	technolog	competit	easy to d	Risk Bearing			competitive
There are	3	2	5	6			2
________	Risk b	market in	standardiz	growth			standardization

UNIT-5							
The Consu	Marketing	Sales Ma	Production	Purchase Managers			Marketing Managers
In olden d	Consume	Producer	Sellers	Buyers			Consumers
The term	Personal	Consume	Buyers Be	Human behaviour			Human behaviour
"Culture	Glenn W	Boone an	Kulckhohn	Brelson and Steiner			Kulckhohn
The huma	Caste	Habit	Religion	culture			culture
An _____	Perceptio	Motivati	Attitude	Learning			Attitude
Who class	Sherleka	Gary Arr	Mamoria	Philip Kotler			Philip Kotler
________	Primary	Aspiratio	Referenc	Secondary groups			Secondary groups
The term	Buying n	Irrational	Rational	motives			Buying motives
A buyer's	Cultural	Personal	Psycholog	Social factors			Personal factors
________	Internal f	External	Both a ar	Inside Factors			Internal force
________	Economi	Socio-cu	Psycholo	Psycho-analytical theories			Psychological theories
Psycho an	Cope lan	Prof.D.J.I	A.H.Mas	Sigmund Freud			Sigmund Freud
________	Psycholog	Safety ne	Social ne	Self esteem needs			Social needs
Our busin	Satisfy	wants	Utility	Needs			wants
A knowle	Condition	wants	Developr	preference			wants
The utility	total utilit	disutility	marginal	utility			disutility
A consum	rational	irrational	spend thri	Lavish			rational
Wants are	Two	three	four	many			three
Food is ar	luxury	conventio	necessary	wage			necessary
The marg	not const	related to	related to	all the above			related to income
Utility m	usefulness	the desire	the level	the power of a commodity to sa			the power of a commodity to satisfy human wants
The part	consumptio	utility	productio	distribution			consumption
The resul	equi-marg	supply	demand	consumer's surplus			demand
Wants bec	habits	culture	nature	religion			habits
_______ i	necessity	invention	habits	luxuries			necessity
Cellphon	unlimited	satiable	recur	limited			unlimited
Limited	deliberati	analyzing	distributi	both a and b.			deliberation
The matc	consumer	producer	both a & b	seller			consumer
Nothing	making d	plan	decide	planning			decide
Definitio	Cundiff a	Glenn wi	Boone an	R.S.Davar			Cundiff and stiff

________	consump	distributi	finance	none			consumption
__	Demogra	geograph	Psycho-gr	multiple segmentation			Demography segmentation
The ex	food and	car	mobile ph	none			food and cloth
Routine d	high cost	medium c	low cost	no cost			low cost
Pen and in	complemen	unrelated	substitutes	alternatives			complementary
____ is wl	power	independ	freedom	dependence			power
_________	human b	personal	consume	consumer			consumer buying behaviour
Consumer	tastes	age and i	educatio	preference			age and income
Consumer	every day	weekly on	monthly o	both a & b			every day
The mark	Two	three	one	four			three
Sales anal	actual sale	slaes targe	both a & b	sales			both a & b
The contro	system	market	controlling	conrol loop			conrol loop
the market	recent con	not recent	old	past			recent concept
Profit marg	cost ratio	profitabili	enpenses r	profit			profitabilityratio
a markups	doller	curency	cheque	money			doller
Green revo	industries	agricultura	both a & b	agro industry			agricultural
farm produ	all season	particular	both a & b	all			particular seson
Standardis	quality	quantity	price	Demand			Demand
Transpora	movement	storaging	supplying	grading			movement of goods
illegal col	controlled	uncontroll	regulated	uncontrolled			regulated
physical d	transporta	storing	distributio	selling			all the above
FAQ mea	Fair avera	fair averag	Firness an	fair average quantity			Fair average quality
Finance is	three	one	two	five			two
The econo	agriculture	industry	service se	profit			all
Insufficien	supply	price	demand	need			demand
In life-styl	self-explo	conspicuo	belongers	survivors			survivors
In Ansoff's	product /	selling	exporting	diversification			diversification
In the Bos	low marke	high mark	low marke	high market growth and high ma			high market growth and high market share
In a mark	public rel	personal s	advertisin	point of sale displays			personal selling
Building l	Customer	Consumer	Customer	Customer resource management			Customer relationship management
There are	An approa	The stages	Technique	The answers above are all corre			The answers above are all correct

The four n	Customer	Customer cross-sell	Customer	Customer referrals			Customer referrals
Using digi	Personalis	Customer-	Sense and	Electronic customer relationshi			Electronic customer relationship management
Using the	Achieve mass customisation of the marketing messages	Lower cos	Minimises breadth, depth and nature of relationship	Targeting more effectively			Targeting more effectively
Accepting	Interruptio	Opt-out fa	Permissio	A qualified lead			A qualified lead
RACE is a	Collaborat	Convert	Consolida	Collect			Collaborate
E-commer	Offline ma	Online ma	Digital me	net marketing			All of the above
A marketi	Bounce ra	Allowable	Referrer c	Cost per acquisition			Referrer cost
The use of	Traffic bu	Search eng	Quality sc	Search engine marketing			Search engine marketing
Online pu	Social net	Communicating with media (journalists) online	Blogs and	Link building including recipro			Social networks and online communities
Online ma	Online spo	Interactive	Media mu	Ad serving			Online sponsorship
A strength	Considere	Cannot be	It is possib	Highly targeted with controlled			Highly targeted with controlled costs
DAGMAR	Public rela	Advertisin	Selling vol	Consumer satisfaction			Consumer satisfaction

Reg. No................................

[17CMP105B/17CCP105B]

KARPAGAM UNIVERSITY
Karpagam Academy of Higher Education
(Established Under Section 3 of UGC Act 1956)
COIMBATORE – 641 021
(For the candidates admitted from 2017 onwards)

M.Com., DEGREE EXAMINATION, NOVEMBER 2017
First Semester

COMMERCE/ COMMERCE (COMPUTER APPLICATIONS)

MARKETING MANAGEMENT

Time: 3 hours Maximum : 60 marks

PART – A (20 x 1 = 20 Marks) (30 Minutes)
(Question Nos. 1 to 20 Online Examinations)

(Part - B & C 2 ½ Hours)

PART B (5 x 6 = 30 Marks)
Answer ALL the Questions

21.a. Define 'marketing management' and explain its functions.
Or
b. Marketing segmentation is very useful for effective marketing of any product." Elaborate.

22. a. Explain the various stages of Product Life Cycle with chart.
Or
b. Write in detail on branding

23. a. Elaborate the internal factors of price determination.
Or
b. Discuss about the basics methods of pricing.

24. a. "Discuss brief the use and objectives of advertising. What is its limitation?
Or
b. "One of the major assets of a firm is its channel of Distribution." Discuss.

25. a. Describe the problems of retail marketing in India.
Or
b. Explain the consumer exploitation in India.

PART C (1 x 10 = 10 Marks)
(Compulsory)

26. Discuss and analysis how Maruthi udyog Ltd.is using the dvertising of their new models to show the major factors influencing the buyer behaviour of a particular market

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Karpagam Academy of Higher Education

(Deemed University Established Under Section 3 of UGC Act, 1956)

Coimbatore - 641 021.

I Internal Test(Sep 2017)

Part-A

1. Five
2. Marketing company era
3. consumer
4. democratic segment
5. consumer
6. different
7. marketing manager
8. consumer
9. human behavior
10. psychological factor
11. Intermediary
12. Marketing
13. Specialty goods
14. Consumer orientation
15. Geographical pricing
16. Food
17. Productivity
18. Profit
19. Over all managing the marketing function
20. Market

Part-B

Define marketing

"Marketing consists of all activities by which a company adapts itself to its environments – creatively and profitably" – Ray Corey

Write a note on: Product Mix

"A product mix is the set of all product lines and items that a particular seller offers for sale to buyers." In other words product mix is "the composite of products offered for sale by a firm."

Product Segmentation

A market segment is a group of people who share one or more common characteristics, lumped together for marketing purposes. Each market segment is unique, and marketers use various criteria to create a target market for their productor service.

Part-C

Define Marketing. Explain the Marketing function?

<u>Functions of marketing</u>

I. Functions of exchange
   i. Buying:
   ii. Assembling:.
   iii. Selling.
II. Functions of supply
   i. Transportation:
   ii. Storage:
III. Facilitating function
   i. Financing:
   ii. Risk-bearing:.
   iii. Standardization:
   iv. Market information:
   v. Promotion.

Enumerate the Recent Development in Marketing Concepts

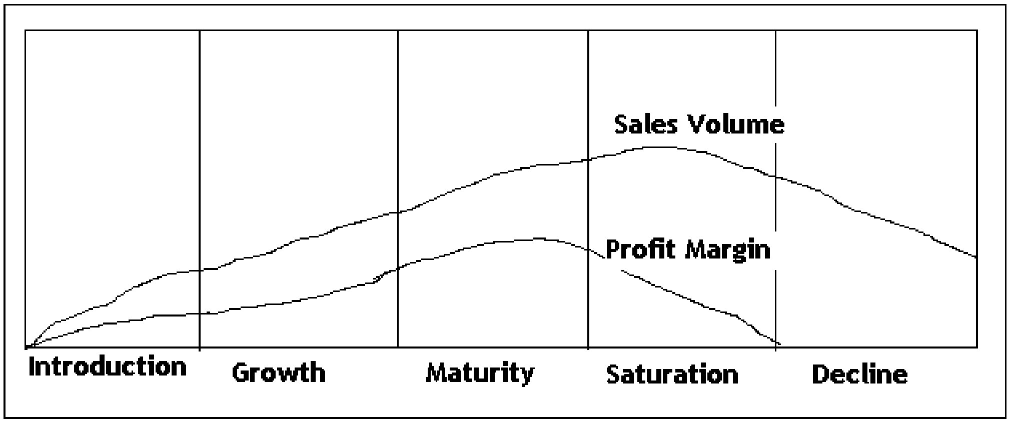
- Since marketing concept considers the consumer to be the King, his wants and needs are well taken care of.
- Consumer gets the type of goods he needs. He is not forced to accept what is available in the market.
- Since the company constantly review its operation and puts such goods in the hands of customer as required by him, so the question of slow moving items, dead stock etc., do not arise.
- The firm earns profit and at the same time the society also gains because the interests of the consumers are adequately satisfied.
- It is possible for the firm to enjoy long-term success when the enterprise recognizes the likes and needs of the buyers.
- A satisfied customer is undoubtedly an effective advertisement material. So when the consumers are satisfied with a product, then the expansion of market by that producer can be easily achieved.
- Marketing risks can be avoided on knowing the market needs which enables the firm to capitalize on market opportunities.
- Marketing research is a management tool for making fruitful decisions and future plans which leads to equalization of demand with the supply position.
- Modern Marketing Concept assures the integration of the different departments of a firm which results in assured profit.

Explain the Various Stages of Product Life cycle with chart and products

Concept of Product Life Cycle

As every being has life, a product has its life. Industrial goods may have a longer life than consumer goods. When a product idea is commercialized, the product enters into the market and competes with the rivals for making sales and earning profits. Products like human beings have length of life. This has been described as life cycle in human beings and when applied to products, it is called as product life cycle. The product life cycle is termed as product market life cycle, because it is related to a particular market. For instance, an old product with market of Mumbai may have a new life in a remote village. The product life cycle may be short for some products and long for some products.

The chart below gives the life cycle of a product.



Product Life Cycle

Every product moves through a life cycle, having five phases and they are

1) Introduction
2) Growth
3) Maturity
4) Saturation
5) Decline

Stage 1: Introduction

Stage 2: Growth

Stage 3: Maturity

Stage 4: Saturation

Stage 5: Decline

Define Brand. Explain the various Types of Brand

Types of brand names

Brand names come in many styles. A few include:

- Initialism:
- Alliteration and rhyme:
- Evocative:
- Neologisms:

- Foreign word:
- Geography:
- Personification:.

Types of branding

- Corporate branding
- Individual branding,
- Personal branding
- Rebranding
- Nation branding
- Foreign branding

Enumerate the various method of pricing?

KINDS OF PRICING

1. Psychological pricing
2. Customary Pricing.
3. Skimming pricing
4. Penetration Pricing
5. Geographical Pricing:
   (a) F.O.B. Pricing
   (b) Zone Pricing
   (c) Base Point Pricing
6. Administered price
7. Dual pricing
8. Mark up Pricing
9. Price Lining
10. Negotiated Pricing
11. Competitive Bidding.
12. Monopoly Pricing.
13. Oligopolistic Pricing
    (a) Trade Discounts
    (b) Quantity Discounts
    (c) Cash Discount.
    (d) Seasonal Discount
    (e) Allowances

Describe in detail about New Product Planning and Development

Product Development

Definition

The creation of products with new or different characteristics that offer new or additional benefits to the customer. Product development may involve modification of an existing product or its presentation, or formulation of an entirely new product that satisfies a newly defined customer want or market niche.

Introduction

In business and engineering, **new product development** (NPD) is the complete process of bringing a new product to market. A product is a set of benefits offered for exchange and can be tangible (that is, something physical you can touch) or intangible (like a service, experience, or belief). There are two parallel paths involved in the NPD process: one involves the idea generation, product design and detail engineering; the other involves market research and marketing analysis. Companies typically see new product development as the first stage in generating and commercializing new product within the overall strategic process of product life cycle management used to maintain or grow their market share.

The Eight Stages

1. Idea Generation is often called the "NPD" of the NPD process.
2. Idea Screening
3. Concept Development and Testing
4. Business Analysis
5. Beta Testing and Market Testing
6. Technical Implementation
7. Commercialization (often considered post-NPD)
8. New Product Pricing

REG NO......................
[16CCP105B]

KARPAGAM UNIVERSITY
(Established Under section 3 of UGC act 1956)
COIMBATORE – 641021

(For the Candidates Admitted From 2016 onwards)

I M.COM (CA) – INTERNAL TEST - II

MARKETING MANAGEMENT

TIME:2Hrs MAX. MARKS: 50

PART – A (20*1=20MARKS)

1. Introducing a new product at a price low enough to attract a large share of the market is called:

a. Psychological pricing b. Geographic pricing c. Penetration pricing
d. Skimming pricing

2. When a manufacturer's cost of an item depends on the number ordered or varying production costs, the manufacturer is:

a. Cost-plus pricing b. Profit plus c. Mark-up pricing d. Unit pricing

3. The ultimate aim of marketing is to satisfy ____ wants.

a. Human b.Luxurious c.Unlimited d.Limited

4. E-Business refers to

a. Export business b. using internet for business c. export business d. retailing.

5. B2B means ________

a. Business to consumer b. business to government c. business to business

d. Business to industry

6. Consumer protection Act ________

a.1986 b.1987 c.1992 d.2000

7. Buying & assembling may be done directly or through ________.

a. agent b. middle men c. retailer d. wholesaler

8. The physical transfer of goods from the producer to consumer takes place by means of __________&__________

a. buying & selling b. Transportation & storage c. Producers &consumers d. selling

9.. _______ is consumer oriented.

a. Modern marketing b. marketing c. Luxuries d. Demand

10. Viral marketing refers ___________

a. electronic marketing b. direct marketing c. Indirect marketing d. Rural marketing

11. CRM means_________

a. Customer Relation management b. Customer Relationship management
c. customer Review management d. critical review method

12.In life-style segmentation, individuals which are motivated by acquisition, competition and getting ahead are best seen a _______.

a. self-explorers b. conspicuous consumers c. belongers d. survivors

13. Meeting the competitions prices is sometimes an attempt to:

a. Force the competitors out of the market b. Make the most profit in a given situation
c. Simplify the price-determination process d. Price according to the customer's ability to pay

14. A pricing method that helps the consumer compares price is______

a. Price lining b.Unit pricing c. Psychological pricing d. One-price strategy

d. A group of people that influences consumers to buy

15. A package of diamond would be classified as__________.

a. Shopping goods b. Convenience goods c. Specialty goods d. Rich

16.A good brand name should be which of the following

a. Brief b. Easy to remember c. Catchy d. Easy

17. Which is the highest level of brand loyalty_______

a. Brand image b. Brand preference c. Brand recognition d. Brand insistence

18. The Consumer behaviour of the target market is the essential task of________

a. Marketing Managers b. Sales Managers c. Production Mangers d.Purchase Managers

19. In olden days, marketers had close and direct contact with the __________.

a. Consumers b. Producers c. Sellers d. Buyers

20. The term consumer behaviour is a subset of ________.

a. Personal behavior   b. Consumer Behavior   c. Buyers Behavior. Human behavior

PART- B (3*2=6)

21. What is the price strategy?

22. Write note on direct marketing.

23. What do you mean by CRM?

PART – C (3*8=24)

24. a. Explain the factors affecting pricing decision.

(or)

b. Enumerate the various method of pricing.

25.a. Objectives and importance of sales promotion- discuss.

(or)

b. Explain the various distribution channels.

26.a. Enumerate e-marketing developments in India.

(or)

b. Explain consumer protection Act.

No of copies : 40

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[17CMP105B / 17CCP105B]

KARPAGAM UNIVERSITY
KARPAGAM ACADEMY OF HIGHER EDUCATION
(Established Under section 3 of UGC act 1956)
COIMBATORE – 641021

(For the candidates admitted from 2017 onwards)

I – INTERNAL TEST - M.COM / M.COM (CA) – SEPTEMBER 2017

MARKETING MANAGEMENT

First Semester

Date : 01/09/2017 Max. Marks: 50

Time : 2 Hours

PART – A (20*1=20 MARKS)

Choose The Correct Answer

1.The objectives of marketing are___________.

a. Four b. Five c. Six d. Two

2. Which of the following is the most recent stage of marketing evolution?

a. Marketing department era b. Production era

c. Sales era d. marketing company era

3. Modern marketing is ________ oriented.

a. Consumer b. Seller c. Buyer d. Shop keeper

4. The market segmentation where buyers are divided into groups on the basis of their knowledge of attitude toward, use of, or response to a product_________.

a. Geographic b. Behavioural c. Demographic d. Psychographic

5. Marketing starts and ends with the _________.

a. consumer b. Seller c. Buyer d. Shop keeper

6. Market and Marketing are ___________.

a. same b. Different c. Closely related d. Not related

7. The Consumer behaviour of the target market is the essential task of________.

a. Marketing Managers b. Sales Managers

c. Production Mangers d. Purchase Managers

8. In olden days, marketers had close and direct contact with the _________.

a. Consumers b. Producers c. Sellers d. Buyers

9. The term consumer behaviour is a subset of ________.

a. Personal Behaviour b. Consumer Behaviour

c. Buyers Behaviour d. Human Behaviour

10. A buyer's behaviour is also influenced by ________.

a. Cultural factors b. Personal factors c. Psychological factors d. Social factors

11. When a product is shipped from a producer to a retailer it is handled in the middle by

a. Shipper b. Interpreter c. Entrepreneur d. Intermediary

12. 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. Barter d. Sales

13. A package of diamond would be classified as_________.

a. Shopping goods b. Convenience goods c. Specialty goods d. Luxury goods

14. Which of the following is the most recent stage of marketing evolution?

a. Consumer orientation b. Production orientation

c. Sales orientation d. Barter system

15. Marketers concerned with transportation costs tend to use_____________.

a. Geographic pricing b. Cost-plus pricing

c. Unit pricing d. Psychological pricing.

16. In Maslow's Hierarchy of needs, one of the physical needs is______

a. Food b. Self-respect c. Self-fulfillment d. Social

17. 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

18. When a manager focuses on making whatever products are easy to produce, and then trying to sell them, that manager has a _________________ orientation.

a. Marketing b. Production c. Sales d. Profit

19. Marketing management is ________.

a. Managing the marketing process.

b. Monitoring the profitability of the company's products and services.

c. Over all managing the marketing function

d. Developing marketing strategies to move the company forward.

20. Marketers often use the term ________ to cover various groupings of customers.

a. People b. Buying power c. Demographic segment d. Market

PART- B (3*2=6) Answer All Questions

21. Define Market.

22. Write note on: Product Mix.

23. What is Product Segmentation?

PART- C (3*8 =24) Answer All Questions

24.a. Define Marketing. Explain the Marketing Functions.

(Or)

b. Enumerate the Recent Development in Marketing Concept.

25.a. Explain the various stages of Product Life Cycle with chart and products.

(Or)

b. Define Brand. Explain the Various Types of Brands

26.a. Define Pricing. Explain the Kinds of Pricing.

(Or)

b. Describe in detail about New Product Planning and Development.

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(Deemed University Established Under Section 3 of UGC Act 1956)
Coimbatore - 641021.
(For the candidates admitted from 2016 onwards)
DEPARTMENT OF COMMERCE

I-M.Com. CA& I-M.Com

Subject: Marketing management **Sub code:17CMP105B/17CCP105B**

Semester: I

LECTURE PLAN

UNIT - I

S.No.	Lecture Duration (Hours)	Topics to be Covered	Support Material
1	2	Meaning and definition of marketing, features of marketing, objectives of marketing	R1[3-9]
2	2	Functions of marketing and evolution concept of marketing	T[4-6]
3	2	Recent development in marketing concept, meaning and definition of marketing segmentation	T[89-91]
4	2	Bases of marketing segmentation, criteria of marketing Segmentation	T[92-98]
5	2	Benefits of marketing segmentation	T[93-98]
6	2	Recapitulation and important question discussion	
Total number of hours planned for unit –I			12 Hours

UNIT - II

S.No.	Lecture Duration (Hours)	Topics to be Covered	Support Material
1	2	Product planning and development, Important features and classification of product	R1[202-205]
2	2	Product line and product mix, factor influencing in product mix	T[190-191]
3	1	Major product mix strategies, meaning of branding and essentials	T[197-198] R2[254-282]
4	1	Types of brands and functions of branding	T[226-228]
5	2	Advantages and disadvantages in branding, branding name and trade marks	T[225-228]
6	2	Packing functions and kinds of packaging	T[246-247]
7	2	Recapitulation and important question discussion	
Total number of hours planned for unit –II			12 Hours

UNIT - III

S. No.	Lecture Duration (Hours)	Topics to be Covered	Support Material
1	2	**Pricing system:** Role of pricing, objectives of pricing	R3[171]
2	2	Factors affecting pricing decision, procedure of price determination	R1[233-237]
3	2	Kinds of pricing	
4	1	Basic methods of price setting	

5	2	Price policy of the product	R_2[173-178]
6	2	Break even analysis- index chart	
7	1	Recapitulation and important question discussion	
Total number of hours planned for unit –III			12 Hours

UNIT - IV

S. No.	Lecture Duration (Hours)	Topics to be Covered	Support Material
1	2	**Promotional activities:** Need for promotional activities, importance of promotion.	R_1[305-306]
2	1	Promotional mix strategies	R_1[308-312]
3	2	Sales promotion, objectives of sales promotion	R_1[317-327]
4	2	Methods of sales promotion, advertising, functions of advertising	R_1[336-337]
5	1	Objectives of advertising, media of advertising	R_1[356-364]
6	1	Personal selling process	R_1[391-392]
7	1	Distribution channels type	R_4[367-387]
8	1	Factors affecting choice of distribution	R_1[391-392]
9	1	Recapitulation and important question discussion	

Total number of hours planned for unit –IV			12 Hours

UNIT - V

S. No.	Lecture Duration (Hours)	Topics to be Covered	Support Material
1	1	Marketing services – Marketing and marketing ethics	T[175-176]
2	1	Meaning and evolution of consumerism	W1-W2
3	1	Types of exploitation in India	
4	2	Rights of consumers	T[177]
5	2	Law protecting the consumer interest	T[180-181]
6	1	Consumer protection Act	T[181]
7	1	Retail marketing methods and problem	T_1[23.11-23.17]
8	1	Retail marketing in India and CRM	W3
9	1	Revision : discussion of ESE (Question paper)	
10	1	Discussion of ESE Question paper	
Total number of hours planned for unit –V			12 Hours

Text Book

Pillai, R.S.N., and Bagavathi (2012). *Modern marketing Principles and Practices*. New Delhi. S. Chand and company Private Limited.

References

Gupta.,C.B.,amd Rajan Nair(2014). *Marketing Management*. New Delhi. Sultan Chand and sons.

Philip Kotler (2014). *Principles of Marketing*. New Delhi. Prentice Hall of India.

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Unit – I
Part – B

1. Define Marketing.
2. What do you understand by the term E – marketing?
3. Write down the types of Capital Market.
4. What are the objectives of Marketing?
5. Explain the term 'Social Marketing'?
6. What are all the factors that influence Marketing concepts?
7. State the importance of Marketing?
8. Is Marketing an art or a science?
9. What is meant by consumer – orientation?
10. Explain the scope of Marketing.
11 What is tele marketing?
12. What are all the factors that influence Marketing concepts?
13. What are all the factors that influence Marketing concepts?
14. Write down the types of Capital Market.
15. What do you mean by Global Marketing?
16. Define Market.
17. Is marketing an art or a science?
18. Write down the types of Capital Market

Part – C

1. Discuss the objectives and importance of marketing.
2. Differentiate between Marketing and Selling.
3. Bring out the role of marketing in the economic development of a country.
4. Describe the Marketing concepts.
5 Explain the different kinds of Market.
6. Write short notes on
   Global Marketing
   E – Marketing
   Tele Marketing
   Marketing Ethics
7. Write down the importance of marketing and also differentiate marketing from selling.
8. Explain the factors influencing marketing concepts.
9. Define Market. Explain in detail the classifications of Market.
10 What are the functions of marketing? Explain.

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Unit – IV

Part – B

1. Define Product. What are its classification?
2. State the main objectives of Pricing.
3. Explain the need and importance of promotional activities
4. What is product mix?
5. What is mean by personal selling?
6. What are channels of distribution?
7. What are the factors influencing price determination?
8. Write a short note on resale price maintenance?
9. What are the factors governing basic promotional stratergy?
10. What do you mean by Sales Promotion?
11. Define Retailer.
12. Write down the types of labels?
13. Write down the stages in Product Life Cycle.
14. What are the factors that influence pricing decision?
15. Who is a Wholesaler?

Part – C

1. What is meant by Product Life Cycle? Explain its various stages.
2. What are the factors determining the choice of a suitable channels of distribution.
3. What are the factors influencing pricing process?
4. What are the kinds of middlemen?
5. What do you mean by product diversification and product elimination? Describe the kinds of product diversification
6. Define packaging. Write down the kinds of Materials and Packaging?
7. Explain the functions of Wholesalers and Retailers.
8. Explain the Objectives, Merits and Limitations of Sales Promotion.
9. Define Pricing. Explain the kinds of Pricing.
10. What do you mean by Sales Promotion? Explain its Kinds.
11. Define packaging. Write down the kinds of Materials and Packaging?

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Unit – V

Part – B

1. What is called idea generation in new product development process?
2. What is 90 days action planning system?
3. In Market – led thinking, what are the questions that should be answered?
4. Write about basic marketing concepts?
5. Why idea screening is needed?
6. What is sustainable marketing plan?
7. Why commercialization is needed in marketing?
8. What are the main contents of a marketing plan?
9. Is marketing research is important for all product?
10. What is called business growth Blueprint?
11. What are the steps involved in new product pricing?
12. What is Idea Screening?
13. What are the basic Marketing Concepts?

Part – C

1. Explain the different steps involved in the introduction of a new product?
2. How do you develop a frame work for Market – led thinking?
3 Describe new product development process?
4. How will you demonstrate the basic marketing concepts?
5. What does a complete marketing plan includes?
6. What are the steps involved in the new product development process?

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Unit – III

Part – B

1. What do you mean by Consumer Behaviour?
2. Assess the role of consumerism in marketing.
3. What do you mean by Market Segmentation?
4. What is buyer behaviour?
5. What are buying motives?
6. Write a short note on social psychological theories?
7. What are the determinants of consumer buying behaviour?
8. What is Psychoanalytic theory?
9. What is buying decision process?
10. What is called Marketing Risk?
11. What is market segmentation?
12. What is learning in the psychological factors of consumer behaviour?

13 Define consumer behaviour.
14 What are the personal factors that effect consumer behaviour?
15. Write down four important benefits of market segmentation.

Part – C

1. What is Consumer Behaviour? State the different factors determining Consumer Behaviour.
2. Mention the bases of Market Segmentation.
3. What are the requirements needed for successful marketing segmentation?
4. Define the concept of buying behaviour. Why is it desirable to study it in marketing?
5. What are the important motives which influence the buying behaviour of the consumers?
6. What is buyer behaviour? Explain the process of buying decision.
7. Write short note on a) Buying Behaviour b) Buying Motives
8. What is called Market Segmentation? Write down the importance and requirements of Market Segmentation?
9. Explain the importance of consumerism. What are the factors that affect consumerism?

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Unit – II

Part – B

1. What are the problems faced by buyers during buying?
2. What is called storage?
3. What is called labeling?
4 Define Buying.
5. What do you understand by the term assembling?
6. Mention any 4 functions of transport?
7. What is reciprocal buying?
8. What is the significance of assembling?
9. What are the needs for demand creation?
10. What are the elements of selling?
11. Write any four differences between standardization and grading?
12. What are the types of goods?
13. What is concentrated buying?
14. Discuss the need for grading.
15. Write any four differences between Liners and Tramps**.**
16. Define Market.
17. Is marketing an art or a science?
18. Write down the types of Capital Market

Part – C

1. What are the functions of Marketing? Explain.
2. What are the advantages of standardization and grading?
3. What are the functions of physical supply? Explain.
4. Differentiate Marketing Research from Market Information System? Also explain the objectives of Marketing Research?
5. What is Public Warehouse and also explain its importance and advantages?
6. Explain the general nature of marketing research procedures.
7. What is buying? What are the problems of buying and also elaborate the sub functions of buying?
8. Define the Transport. What are the functions of transport and also write the merits of road ways?
9. Define selling and Explain the elements of selling.

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(For the candidates admitted from 2016 onwards)
DEPARTMENT OF COMMERCE

COURSE OBJECTIVE:

- Course includes Product Policy, Branding, Pricing, Sales Promotion, Channels of Distribution, Consumer Protection Act and Customer Relationship management

LEARNING OUTCOME:

- To endow the students with the Knowledge of marketing

UNIT I

Need and Scope of marketing: Definition and features – meaning and Objectives – functions of marketing - modern marketing concepts. Market forecasting – marketing research – meaning and scope – objective and functions – future of marketing research.

UNIT II

Market information system: Consumer marketing, product planning and development - product policy decision – product line and product mix – concept of product life cycle - market integration – product and branding strategies.

UNIT III

Pricing: definition- objectives of pricing decision- factors influencing pricing decisions-methods of setting price- cost- demand and competition- pricing policies and strategies

UNIT IV

Sales promotion: meaning and definition- objectives and importance of sales promotion-personal selling- steps in personal selling- advertising- meaning- objectives- functions and importance- kinds of media- direct marketing- multilevel marketing. Distribution channels: types of channels- factors affecting choice of distribution

UNIT V

Marketing of services: E-marketing- marketing ethics- Consumerism- Meaning-Evolution- Type of exploitation-Consumer Rights-Laws Protecting the Consumer Interest-Consumer Protection Act-consumer courts-Retail marketing-Methods-problem-Retail Marketing in India-Customer Relationship Management

SUGGESTED READINGS

Text Book

Pillai, R.S.N., and Bagavathi (2012). *Modern marketing Principles and Practices*. New Delhi. S. Chand and company Private Limited.

References

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UNIT V

MARKETING OF SERVICE

Definition

Service marketing is marketing based on relationship and value. It may be used to market a service or a product. With the increasing prominence of services in the global economy, service marketing has become a subject that needs to be studied separately. Marketing services is different from marketing goods because of the unique characteristics of services namely, intangibility, heterogeneity, perishability and inseparability.

Features of marketing Services

1. Intangibility:

A physical product is visible and concrete. Services are intangible. The service cannot be touched or viewed, so it is difficult for clients to tell in advance what they will be getting. For example, banks promote the sale of credit cards by emphasizing the conveniences and advantages derived from possessing a credit card.

2. Inseparability:

Personal services cannot be separated from the individual. Services are created and consumed simultaneously. The service is being produced at the same time that the client is receiving it; for example, during an online search or a legal consultation. Dentist, musicians, dancers, etc. create and offer services at the same time.

3. Heterogeneity (or variability):

Services involve people, and people are all different. There is a strong possibility that the same enquiry would be answered *slightly differently by different* people (or even by the same person at different times). It is important to minimize the differences in performance (through training, standard setting and quality assurance). The quality of services offered by firms can never be standardized.

4. Perishability:

Services have a high degree of perishability. Unused capacity cannot be stored for future use. If services are not used today, it is lost forever. For example, spare seats in an aeroplane cannot be transferred to the next flight. Similarly, empty rooms in *five-star* hotels and credits not utilized are examples of services leading to economic losses. As services are activities performed for simultaneous consumption, they perish unless consumed.

5. Changing demand:

The demand for services has wide fluctuations and may be seasonal. Demand for tourism is seasonal, other services such as demand for public transport, cricket field and golf courses have fluctuations in demand.

6. Pricing of services:

Quality of services cannot be standardized. The pricing of services are usually determined on the basis of demand and competition. For example, room rents in tourist spots fluctuate as per demand and season and many of the service providers give off-season discounts.

7. Direct channel:

Usually, services are directly provided to the customer. The customer goes directly to the service provider to get services such as bank, hotel, doctor, and so on. A wider market is reached through franchising such as McDonald's and Monginis.

Problems in Marketing Services:

1. A service cannot be demonstrated.
2. Sale, production and consumption of services takes place simultaneously.
3. A service cannot be stored. It cannot be produced in anticipation of demand.
4. Services cannot be protected through patents.
5. Services cannot be separated from the service provider.
6. Services are not standardized and are inconsistent.
7. Service providers appointing franchisees may face problems of quality of services.
8. The customer perception of service quality is more directly linked to the morale, motivation and skill of the frontline staff of any service organization.

E – MARKEING

E-marketing refers to the use of the Internet and digital media capabilities to help sell your products or services. These digital technologies are a valuable addition to traditional marketing approaches regardless of the size and type of your business. E-marketing is also referred to as Internet marketing (i-marketing), online marketing or web-marketing. As with conventional marketing, e-marketing is creating a strategy that helps businesses deliver the right messages and product/services to the right audience.

Advantages of E-Marketing

Following are some of the advantages of e-Marketing:

- Extremely low risk
- Reduction in costs through automation and use of electronic media
- Faster response to both marketers and the end user
- Increased ability to measure and collect data
- Opens the possibility to a market of one through personalization
- Increased interactivity
- Increased exposure of products and services
- Boundless universal accessibility.

Disadvantages of E-Marketing

- Following are some disadvantages of e-Marketing:
- Dependability on technology
- Security, privacy issues
- Maintenance costs due to a constantly evolving environment
- Higher transparency of pricing and increased price competition
- Worldwide competition through globalization

MARKETING ETHICS

- Marketing ethics is the systematic study of how moral standards are applied to marketing decisions, behaviors, and institutions.
- Marketers must not knowingly do harm in carrying out their selling responsibilities.
- They should embrace basic marketplace values, including truth telling, genuine service to customers, avoidance of practices acclaimed to be unfair, and an adherence to honest and open communications with clients.

CONSUMERISM

Meaning: A social phenomenon empowers the buyers and consumers. Its effects are visible in the laws, regulations and the marketing practices. It keeps a check on the companies and ensures that the consumers get quality products, which are safe for them at the correct price. It also ensures that the consumers are provided with the correct information about the products. In addition, Consumerism forces the companies to operate and produce goods and services according to the consumer's needs. It plays a very important role in every stage of marketing starting from new product design to communication through advertisements.

EVOLUTION

Consumerism is sometimes used in reference to the anthropological and biological phenomena of people purchasing goods and consuming materials in excess of their basic needs, which would make it recognizable in any society including ancient civilizations (e.g. Ancient Egypt, and Ancient Rome). However, the concept of consumerism is typically used to refer to the historically specific set of relations of production and exchange that emerge from the particular social, political, cultural and technological context of late 19th and early 20th century capitalism with more visible roots in the social transformations of 16th, 17th and 18th century Europe.

TYPES OF EXPLOITATION

Consumer exploitation refers to the act of taking advantage of buyers. This occurs because of limited information about the product, such as guarantees and terms of purchase. Illiterate consumers are especially vulnerable; consequently, they are likely to be cheated into paying more and even purchasing a counterfeit product. When few manufacturers produce an item, competition is limited, leading producers to determine the price and availability of the product and thereby exploiting the buyer. Limited supplies of a product lead to hoarding and a subsequent boost in prices.

Various Forms of Consumer Exploitation

1) Adulteration of foods (use of unpermitted colors)
2) Sales of medicines after expiry date.
3) Spurious drugs (Sub-standard drugs)
4) Supply of blood from a blood bank infected with AIDS or other diseases.
5) Advertisement with false claims
6) Shortage of weight and quality Excessive price.
7) Death of a person due to medical negligence of a doctor.
8) Consumer redressal.
9) Always insist on cash bill.
10) Send a complaint petition to the manufacturer. If they do not respond within a reasonable time, file your petition before the court.
11) Get help from consumer organizations working in your area.

CONSUMER RIGHTS

The definition of Consumer right is 'the right to have information about the quality, potency, quantity, purity, price and standard of goods or services', as it may be the case, but the consumer is to be protected against any unfair practices of trade. It is very essential for the consumers to know these rights.

However there are strong and clear laws in India to defend consumer rights, the actual plight of consumers of India can be declared as completely dismal. Out of the various laws that have been enforced to protect the consumer rights in India, the most important is the Consumer Protection Act, 1986. According to this law, everybody, including individuals, a firm, a Hindu undivided family and a company, have the right to exercise their consumer rights for the purchase of goods and services made by them. It is significant that, as consumer, one knows the basic rights as well as about the courts and procedures that follow with the infringement of one's rights.

Although businessman is aware of his social responsibilities even then we come across many cases of consumer exploitation. That is why government of India provided following rights to all the consumers under the Consumer Protection Act:

1. Right to Safety:

According to this right the consumers have the right to be protected against the marketing of goods and services which are hazardous to life and property, this right is important for safe and secure life. This right includes concern for consumer's long term interest as well as for their present requirement. Sometimes the manufacturing defects in pressure cookers, *gas cylinders and other electrical appliances may cause loss to life, health and* property of customers. This right to safety protects the consumer from sale of such hazardous goods or services.

2. Right to Information:

According to this right the consumer has the right to get information about the quality, quantity, purity, standard and price of goods or service so as to protect himself against the abusive and unfair practices. The producer must supply all the relevant information at a suitable place.

3. Right to Choice:

According to this right every consumer has the right to choose the goods or services of his or her likings. The right to choose means an assurance of availability, ability and access to a variety of products and services at competitive price and competitive price means just or fair price. The producer or supplier or retailer should not force the customer to buy a particular brand only. Consumer should be free to choose the most suitable product from his point of view.

4. Right to be Heard or Right to Representation:

According to this right the consumer has the right to represent him or to be heard or right to advocate his interest. In case a consumer has been exploited or has any complaint against the product or service then he has the right to be heard and be assured that his/her interest would receive due consideration. This right includes the right to representation in the government and in other policy making bodies. Under this right the companies must have complaint cells to attend the complaints of customers.

5. Right to Seek Redressal:

According to this right the consumer has the right to get compensation or seek redressal against unfair trade practices or any other exploitation. This right assures justice to consumer against exploitation. The right to redressal includes compensation in the form of money or replacement of goods or repair of defect in the goods as per the satisfaction of consumer. Various redressal forums are set up by the government at national level and state level.

6. Right to Consumer Education:

According to this right it is the right of consumer to acquire the knowledge and skills to be informed to customers. It is easier for literate consumers to know their rights and take actions but this right assures that illiterate consumer can seek information about the existing acts and agencies are set up for their protection. The government of India has included consumer education in the school curriculum and in various university courses. Government is also making use of media to make the consumers aware of their rights and make wise use of their money. Apart from the above six rights two additional rights are recommended by the UNO.

LAWS PROTECTING THE CONSUMER INTEREST

Government of India has provided various laws and legislations to protect the interest of consumer and some of these regulations are:

1. The Consumer Protection Act 1986:

Enactment of Consumer protection Act 1986 was one of the most important steps taken to protect the interest of consumer. The provision of act came into force from July 1, 1987. The main features of this Act are:

(i) This act has provided various rights and responsibilities to consumers.

(ii) It provides safeguard to customers against defective goods, deficient's, services, unfair trade practices and other forms of their exploitation.

(iii)The act has provided three tier redressal agencies where consumer can file complaints.

These are District forum, State Commission and National Commission.

2. The Contract Act 1982:

This Act is formed to bind people on their promises made in a contract. The Act also provides remedies available to parties in case of breach of contract.

3. The Sale of Goods Act 1930:

This act provides safeguard and relief to customers in case goods are not complying with the expressed conditions and warranty.

4. The Essential Commodities Act 1955:

This act is formed to control production, supply and distribution of essential commodities. It checks inflation and ensures smooth and equal supply of these goods. It also checks black marketing, hoarding.

5. The Agricultural Produce (Grading and Marking) Act 1937:

This act is formed to assure quality of agricultural products. This Act provides grade standards for agricultural commodities. The quality mark which is supplied by this act is "AGMARK." This mark is given only when goods are produced by following minimum standards.

6. The Prevention of Food Adulteration Act 1954:

This Act is formed to check Adulteration of food articles and ensure their purity so that the health of general public can be maintained.

7. The Standard of Weights and Measures Act 1976:

This Act provides protection to consumers against malpractices of underweight, under measure. The provision of this Act is applicable on those goods which are sold or distributed by weight and measure.

8. The Trade Mark Act 1999:

This Act prevents the use of fraudulent marks on products. This act is introduced in place of trade and merchandise mark act 1958.

9. The Competition Act 2002:

This Act is related to monopolies and restrictive trade practices Act 1969. This Act is formed to encourage healthy competition and protect consumers from companies which hamper competition.

10. The Bureau of Indian Standard Act 1986:

This Act is formed to provide special marks to products which fulfill some minimum quality standards. The common mark issued under this Act is ISI mark. This act has set up a grievance cell where consumer can make a complaint about a product which is not up to a quality mark and are having ISI mark.

CONSUMER PROTECTION ACTS

- Consumer Protection Act, 1986 is an Act of the Parliament of India enacted in 1986 to protect interests of consumers in India. It makes provision for the establishment of consumer councils and other authorities for the settlement of consumers' disputes and for matters connected therewith.
- The Consumer Protection Bill, 2015, was introduced in Lok Sabha on August 10, 2015 by the Minister of Consumer Affairs, Food and Public Distribution, Mr. Ram Vilas Paswan.
- The Bill replaces the Consumer Protection Act, 1986. The Statement of Objects and Reasons of the Bill states that this is to widen the ambit and modernise the law on consumer protection due to the changes in the markets.

Definition of consumer: A consumer is defined as any person who buys a good or hires a service for a consideration. This includes the user of such good or service, but not one who obtains the good for resale or commercial purposes. It covers transactions through all modes including offline, online through electronic means, teleshopping, or multi level marketing.

Rights of consumers: The rights of consumers include the right to: (i) be protected against marketing of goods and services which are hazardous to life and property, (ii) be informed of the quality, quantity, potency, purity, standard and price of goods or services,

(iii) be assured of access to a variety of goods or services at competitive prices, and (iv) to seek redressal against unfair or restrictive trade practices.

Central Consumer Protection Authority (CCPA): The central government will set up the CCPA to promote, protect and enforce the rights of consumers. The CCPA will carry out the following functions, among others: (i) inquiring into violations of consumer rights, investigating and launching prosecution at the appropriate forum; (ii) passing orders for recall of goods, or withdrawal of services and reimbursement of the price paid, and pass directions for discontinuation of unfair trade practices; (iii) issuing safety notices and order withdrawal of advertisements; and (iv) declaring contracts that are unfair to a consumer as void.

Product liability: If defects in the manufacture, construction, design, testing, service marketing etc. of a product results in any personal injury or property damage to a consumer, the manufacturer is liable in a product liability action.

Consumer Disputes Redressal Commissions: Consumer Grievance Redressal Commissions are to be set up at the district, state and national levels. A consumer can file a complaint with these commissions, regarding: (i) unfair or restrictive trade practices, (ii) defective goods or services, (iii) overcharging or deceptive charging, (iv) the offering of goods or services for sale which may be hazardous to life and safety, and (v) incurring loss due to an unfair contract.

The District Commission may issue the following orders regarding a complaint: Remove the defect, replace the good, return the price amount, stop the sale or manufacture of hazardous products, discontinue unfair trade practices or pay compensation for any loss suffered by the consumer. Appeals from its decisions will be heard by the State Commission. Further appeals may be filed before the National Commission, and then before the Supreme Court.

Consumer Mediation Cell: The Bill introduces mediation as a mode of consumer dispute resolution. Consumer Mediation Cells will be established and attached to the redressal commissions at the district, state and national levels.

Penalties: Any person who fails to comply with an order of either of the Commissions would be liable for imprisonment from one month to three years, or with a fine from 10,000 rupees to 50,000 rupees.

CONSUMER COURT

Consumer court is the special purpose court, mainly in India, that deals with cases regarding consumer disputes and grievances. These are judiciary set ups by the government to protect the consumer rights. Its main function is to maintain the fair practices by the sellers towards consumers. Consumers can file a case against a seller if they are harassed or exploited by sellers. The court will only give a verdict in favour of the consumers/customers if they have proof of exploitation, i.e., bills or other documents. If a consumer does not have the proper documents required for filing a case then it would be very difficult for the consumer to win or even file a case.

Types Court

- National Consumer Disputes Redressal Commission (NCDRC): A national level court works for the whole country and deals with amount more than 10 million (US$150,000).
- State Consumer Disputes Redressal Commission (SCDRC): A state level court works at the state level with cases valuing less than □10 million (US$150,000).
- District Consumer Disputes Redressal Forum (DCDRF): A district level court works at the district level with cases valuing up to 2 million (US$30,000).

Consumer movement

The consumer movement as a social force originated with the necessity of protecting and promoting the interests of consumers against unethical and unfair trade practices.

Rampant food shortages, hoarding, black marketing, adulteration of food and edible oil gave birth to the consumer movement in an organised form in the 1960s.

The movement succeeded in bringing pressure. A major step was taken in 1986 by the Indian government with the enactment of the Consumer Protection Act of 1986 (COPRA).

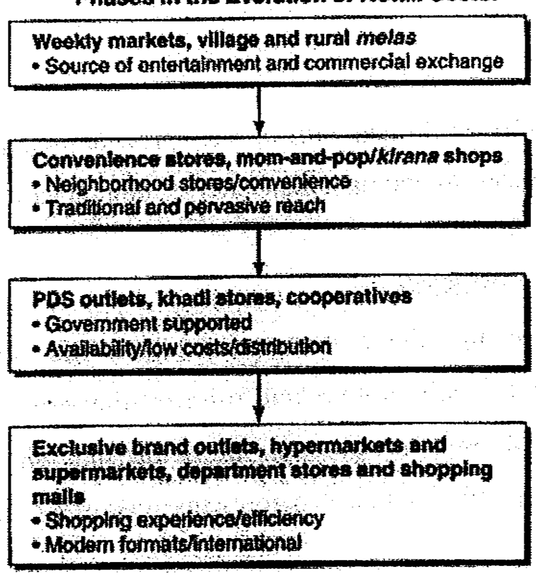
Objectives

The main function of consumer court is to provide some extra privilege to the consumers and to maintain fair practice by the seller or the service provider towards the consumer. Submitting complaint is very simple and consumer has no need to hire any lawyer. Approaching a consumer court is very simple and extremely cheap as you can represent yourself without having to hire a lawyer and not required to pay any court fee but just a nominal fee.

RETAIL MARKETING

Retail marketing comprises the activities related to selling products to the consumers through channels such as stores, malls, kiosks, vending machines, or other fixed locations. In contrast, direct marketing to consumer's attempts to complete a sale through phone, mail, or web site sales.

Phases in the Evolution of Retail Sector



METHODS RETAIL MARKETING

- **Departmental Stores:**

A departmental store offers several product lines such as clothing, home furnishing and household goods under one roof. Each line operates as a separate department. For example, Akbarallys.

- **Specialty Stores:**

A specialty store concentrates on a narrow product line or a specialized product line; for example, footwear and jewellery.

- ***Supermarket:***

A supermarket provides relatively large low-cost, low-margin, high-volume, self-service operation; for example. Big Bazar.

- **Convenience Stores:**

A convenience store is conveniently located in suburban areas and charges a slightly higher price and provides groceries and non-food items.

- **Discount Stores:**

A discount store offers standard merchandise at low price with low margin and high volume.

- **Factory Outlets:**

A factory outlet is opened and operated by manufacturers, and sells surplus or discounted goods.

- **Shopping Malls:**

Shopping malls are the new format of retail outlets. They provide several products under one roof`.They also provide means of entertainment such as mini theatre and food courts.

RETAIL MARKETING PROBLEMS

There appears to be a growing divide between retailers who are tapping into personalization, managing their data to acquire and foster relationships with consumers, and drive purchases versus those who are not. In partnership with Retail Online Integration, we surveyed nearly 500 retailers to get a better understanding of the current state of marketing in the retail industry. This report explores key findings of the survey as well as the top takeaways for retailers in four key strategic areas:

- Capturing customer data for communications
- Analyzing Customer Insights
- Delivering Personalized Experiences
- Attributing Sales to Marketing

RETAIL MARKETING IN INDIA

- ✓ The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them.
- ✓ The total concept and idea of shopping has undergone an attention drawing change in terms of format and consumer buying behavior, ushering in a revolution in shopping in India. Modern retailing has entered into the Retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof.
- ✓ A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing workingwomen population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the India Retail Industry.
- ✓ In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the India Retail Industry to grow faster. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US$ 175-200 billion by 2016. The Food Retail Industry in India dominates the

shopping basket. The Mobile phone Retail Industry in India is already a US$ 16.7 billion business, growing at over 20 per cent per year. The future of the India Retail Industry looks promising with the growing of the market, with the government policies becoming more favorable and the emerging technologies facilitating operations.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

CRM is an approach to managing a company's interaction with current and future customers. It often involves using technology to organize, automate, and synchronize sales, marketing, customer service, and technical support..

Characteristics

- CRM is a customer-oriented feature with service response based on customer input, one-to-one solutions to customers' requirements, direct online communications with customer and customer service centers that are intended to help customers solve their issues. It includes the following functions:
- Sales force automation, which implements sales promotion analysis, automates the tracking of a client's account history for repeated sales or future sales, and coordinates sales, marketing, call centers, and retail outlets.
- Data warehouse technology, used to aggregate transaction information, to merge the information with CRM products, and to provide key performance indicators.
- Opportunity management which helps the company to manage unpredictable growth and demand, and implement a good forecasting model to integrate sales history with sales projections.
- CRM systems that track and measure marketing campaigns over multiple networks, tracking customer analysis by customer clicks and sales.

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Unit II

Market information system: *Consumer marketing, product planning and development - product policy decision – product line and product mix – concept of product life cycle - market integration – product and branding strategies.*

Product planning and Development

Introduction

Product planning means an attempt to establish the product in line with a market needs. It is defined as "The act of making out and supervising the search, screening, development, and commercialization of new products, the modification of existing lines and the discontinuance of marginal or unprofitable items." In this definition there are three important considerations

1) Evolution and introduction of new products
2) Bringing alterations in the existing lines to suit the requirements of the market
3) The discontinuance or elimination of marginal or unprofitable areas

Product planning in the initial stage is for the entire marketing programme of a concern. Product planning embraces all activities which enable products and middlemen to determine what should constitute a company's line of products.

1) Which products should the firm make and which should it buy?
2) Should the company expand or simplify its line
3) What new uses are there for each item?

4) What brand, package and label should be used for each product?
5) How should the product be styled and designed; and in what sizes, color and materials should they be produced?
6) In what quantities should each item be produced?
7) How should the product be priced?

Phases of product planning

Developing the product concept

The first phase of product planning is developing the product concept. Marketing managers usually create ideas for new products by identifying certain problems that consumers must solve or various customer needs. For example, if we take a small computer retailer may see the need to create a computer repair division for the products it sells. After the product idea is conceived, managers will start planning the dimensions and features of the product. Some small companies will even develop a product mock-up or model.

Studying the Market

The next step in the product planning process is studying the competition. Most small companies will order secondary research information from vendors such as the NPD Group and Forrester Research. Secondary research usually provides details on key competitors and their market share, which is the percent of total sales that they hold in the marketplace. Some companies may also do a SWOT analysis (strengths, weaknesses, opportunities and threats), according to NetMBA.com, which will help them compare their strengths and weaknesses against those of key competitors. The business can then determine places in which it has an advantage over the competition to identify areas of opportunity. For example, a small company with a high-quality image may be able to find additional markets for its products.

Market Research

A small company should consider doing both qualitative and quantitative marketing research for its new product. Focus groups are an example of qualitative information. Focus groups allow companies to ask their consumers about their likes and dislike of a product in small groups. A focus group allows the company to tweak the product concept before testing it through phone surveys--a more quantitative marketing research function. Phone surveys enables a company to test its product concept on a larger scale, the results of which are more predictable across the general population.

Product introduction

If the survey results prove favorable, the company may decide to sell the new product on a small scale or regional basis. During this time, the company will distribute the products in one or more cities. The company will run advertisements and sales promotions for the product, tracking sales results to determine the products potential success. If sales figures are favorable, the company will then expand distribution even further. Eventually, the company may be able to sell the product on a national basis.

Product life cycle

Product planning must also include managing the product through various stages of its product life cycle. These stages include the introduction, growth, maturity and decline stages. Sales are usually strong during the growth phase, while competition is low. However, continued success of the product will pique the interest of competitors, which will develop products of their own. The introduction of these competitive products may force a small company to lower its price. This low pricing strategy may help prevent the small company from losing market share. The company may also decide to better differentiate its product to keep its prices steady. For example, a small cell phone company may develop new, useful features on its cell phones that competitors do not have.

Product Development

Definition

The creation of products with new or different characteristics that offer new or additional benefits to the customer. Product development may involve modification of an existing product or its presentation, or formulation of an entirely new product that satisfies a newly defined customer want or market niche.

Introduction

In business and engineering, **new product development** (NPD) is the complete process of bringing a new product to market. A product is a set of benefits offered for exchange and can be tangible (that is, something physical you can touch) or intangible (like a service, experience, or belief). There are two parallel paths involved in the NPD process: one involves the idea generation, product design and detail engineering; the other involves market research and marketing analysis. Companies typically see new product development as the first stage in generating and commercializing new product within the overall strategic process of product life cycle management used to maintain or grow their market share.

The Eight Stages

1. **Idea Generation** is often called the "NPD" of the NPD process.
    - Ideas for new products can be obtained from basic research using a SWOT analysis (Strengths, Weaknesses, Opportunities & Threats). Market and consumer trends, company's R&D department, competitors, focus groups, employees, salespeople, corporate spies, trade shows, or ethnographic discovery methods (searching for user patterns and habits) may also be used to get an insight into new product lines or product features.

- Lots of ideas are generated about the new product. Out of these ideas many are implemented. The ideas are generated in many forms. Many reasons are responsible for generation of an idea.
- Idea Generation or Brainstorming of new product, service, or store concepts - idea generation techniques can begin when you have done your OPPORTUNITY ANALYSIS to support your ideas in the **Idea Screening Phase** (shown in the next development step).

2. **Idea Screening**

- The object is to eliminate unsound concepts prior to devoting resources to them.
- The screeners should ask several questions:
    - Will the customer in the target market benefit from the product?
    - What is the size and growth forecasts of the market segment / target market?
    - What is the current or expected competitive pressure for the product idea?
    - What are the industry sales and market trends the product idea is based on?
    - Is it technically feasible to manufacture the product?
    - Will the product be profitable when manufactured and delivered to the customer at the target price?

3. **Concept Development and Testing**

- Develop the marketing and engineering details
    - Investigate intellectual property issues and search patent databases

    - Who is the target market and who is the decision maker in the purchasing process?
    - What product features must the product incorporate?
    - What benefits will the product provide?
    - How will consumers react to the product?
    - How will the product be produced most cost effectively?
    - Prove feasibility through virtual computer aided rendering and rapid prototyping
    - What will it cost to produce it?
- Testing the Concept by asking a number of prospective customers what they think of the idea - usually via Choice Modelling.

4. **Business Analysis**
    - Estimate likely selling price based upon competition and customer feedback
    - Estimate sales volume based upon size of market and such tools as the Fourt-Woodlock equation
    - Estimate profitability and break-even point
5. **Beta Testing and Market Testing**
    - Produce a physical prototype or mock-up
    - Test the product (and its packaging) in typical usage situations
    - Conduct focus group customer interviews or introduce at trade show
    - Make adjustments where necessary

- Produce an initial run of the product and sell it in a test market area to determine customer acceptance

6. **Technical Implementation**
    - New program initiation
    - Finalize Quality management system
    - Resource estimation
    - Requirement publication
    - Publish technical communications such as data sheets
    - Engineering operations planning
    - Department scheduling
    - Supplier collaboration
    - Logistics plan
    - Resource plan publication
    - Program review and monitoring
    - Contingencies - what-if planning
7. **Commercialization** (often considered post-NPD)
    - Launch the product
    - Produce and place advertisements and other promotions
    - Fill the distribution pipeline with product
    - Critical path analysis is most useful at this stage
8. **New Product Pricing**
    - Impact of new product on the entire product portfolio

- Value Analysis (internal & external)
- Competition and alternative competitive technologies
- Differing value segments (price, value and need)
- Product Costs (fixed & variable)
- Forecast of unit volumes, revenue, and profit

These steps may be iterated as needed. Some steps may be eliminated. To reduce the time that the NPD process takes, many companies are completing several steps at the same time (referred to as **concurrent engineering** or **time to market**). Most industry leaders see new product development as a proactive process where resources are allocated to identify market changes and seize upon new product opportunities before they occur (in contrast to a reactive strategy in which nothing is done until problems occur or the competitor introduces an innovation). Many industry leaders see new product development as an ongoing process (referred to as continuous development) in which the entire organization is always looking for opportunities

Product Policy Decision

Product policies are the general rules set by the management itself in making product decisions. Products of a firm are the backbone with which profit earned, enabling a firm to exist. Therefore the product is the fundamental feature which determines the firm's success or failure.

The policies of the firm must be to manufacture right products for the consumers. "Product policy is concerned with defining the type, volume and timing of the products, a company offers for sale."

The product policy is a broad term and includes many activities. A product policy generally covers the following

1) Product planning and development

2) Product line
3) Product mix
4) Product branding
5) Product style
6) Product positioned
7) Product packaging

Types of Product policy decision

One of the important elements of marketing mix is Product. Any firm is known by the product it is offering. The other elements of marketing mix are based on it. So it is very important that the firm must have a sound product policy. It is a competitive tool in the hands of the marketer. It involves four types of product policy decisions. These are:

I) Individual product decision

a) Product attribute: it consists of the quality, feature, style and design of the product. Quality of the product assures the customer that the manufacturer is giving the customer a good quality product. Feature helps the consumer in differentiating the product from other products in the market. Style and design of the product helps in bringing the attention of the customers towards the product.

b) Product branding: the product must have its own unique brand name. Only then the customer will be able to differentiate the product from the other products. Brand name also helps the marketers in promoting the product and making consumer brand conscious.

c) Product packaging: packaging means the outer cover which contains the product. Like a tooth paste has two covers first in shape of tube and another cardboard cover put the tube in it. It is generally said that Packaging act as a silent salesman because product packaging helps the customer to get the knowledge about the product quality, quantity, weight, price etc.

d) Product labeling: labeling on the product is very essential as it gives the consumer information regarding the manufacturer's name, place, date of manufacturing, expiry date, calories, carbohydrates, nutritional value etc.

e) Product support services:- these are the services which are provided to the customer after selling the product to the customer like after sale services, installation etc.

Product line

"A product line is a group of products that are closely related, either because they function in a similar manner, or are sold to the same customer groups, or are marketed through the same type of outlets, or fall within given price ranges." According to Stanton, "A broad group of products, intended for essentially similar uses and possessing reasonably similar physical characteristics, constitute a product line."

The product item is a specific version of a product that has a separate designation in the seller's list. That is, a product item is a specific product. For instance, Hindustan Motor's Ambassador Mark is a product item.

II) Product line decision:-

Product line means group of product which are closely related to each other. In product line decision the marketer makes the decision regarding the product line length, means the number of products in the product line. The product line may be short which means the marketer can increase the profit by adding a new product or there may be long product line. There are two ways of adding the product.

a) Product line stretching: it means adding a new product by stretching the product line by upward, downward or both ways.

b) Product line filling: it means when the company add a new product within existing range of products.

Product Line Decision

Taking of decision or changing the composition of the product line either by adding or subtracting products, depends upon a number or factors

1) Consumer's preference
2) The tactics of competitors
3) The firms cost structure
4) Changes in market demand
5) Buying habits
6) Marketing influences
7) Product influences
8) Company objectives
9) Product specialization
10) Elimination of obsolete products

Product mix strategies

"A product mix is the set of all product lines and items that a particular seller offers for sale to buyers." In other words product mix is "the composite of products offered for sale by a firm." It has four main characteristics: 1) Length 2) width 3) Depth and 4) consistency. Length of product mix refers to the total number of items in its product mix. Width or breadth of the product mix refers to the number of different product lines offered by the company. Depth of the product mix refers to the average number of items offered by the company in each product line. Consistency of the product mix refers to how closely the various product lines are related in production requirements, distribution channels etc.

1) Change in demand of a product due to population changes.
2) Changes in purchasing power or behavior of the consumers
3) Change in company desire
4) Development of by-products by using residuals, at low cost
5) The competitor's actions and reactions
6) The utilize the available marketing capacity fully
7) Financial influence of the firm
8) Advertising and distribution factors
9) Goodwill of the firm
10) Possibility of adding new product to its product line at less cost

Major product mix strategies

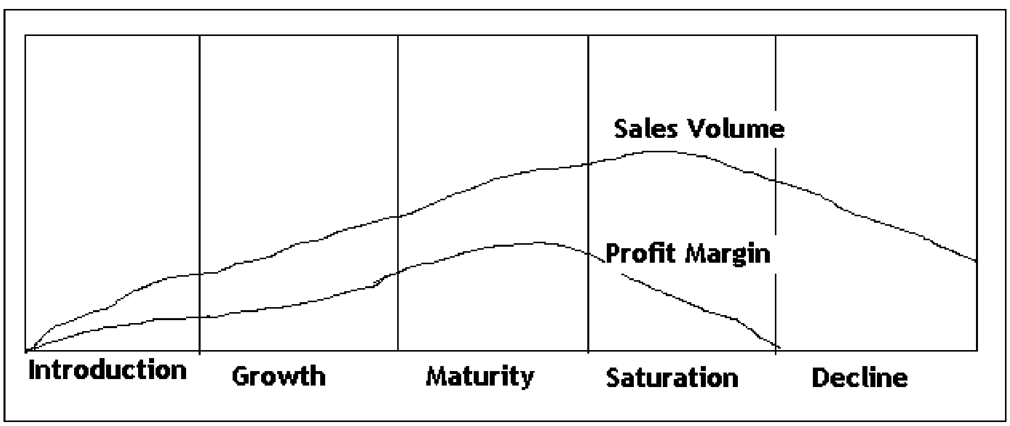
A company has several major strategies at its disposal, with respect to the width, depth and consistency of its product mix. One major management aspect involved in product policy is the decision concerning product mix. The product mix, is one of the elements in product policy

1) Expansion of product mix.
2) Concentration of product mix
3) Alteration of existing products
4) Positioning the products
5) Trading up and trading down
6) Product differentiation and market segmentation

Concept of Product Life Cycle

As every being has life, a product has its life. Industrial goods may have a longer life than consumer goods. When a product idea is commercialized, the product enters into the market and competes with the rivals for making sales and earning profits. Products like human beings have length of life. This has been described as life cycle in human beings and when applied to products, it is called as product life cycle. The product life cycle is termed as product market life cycle, because it is related to a particular market. For instance, an old product with market of Mumbai may have a new life in a remote village. The product life cycle may be short for some products and long for some products.

The chart below gives the life cycle of a product.



Product Life Cycle

Every product moves through a life cycle, having five phases and they are

1) Introduction
2) Growth
3) Maturity
4) Saturation
5) Decline

Stage 1: Introduction

New products are introduced to meet local (i.e., national) needs, and new products are first exported to similar countries, countries with similar needs, preferences, and incomes. If we also presume similar evolutionary patterns for all countries, then products are introduced in the most advanced nations. (E.g., the IBM PCs were produced in the US and spread quickly throughout the industrialized countries.)

Stage 2: Growth

A copy product is produced elsewhere and introduced in the home country (and elsewhere) to capture growth in the home market. This moves production to other countries, usually on the basis of cost of production. (E.g., the clones of the early IBM PCs were not produced in the US.) The Period till the Maturity Stage is known as the Saturation Period.

Stage 3: Maturity

The industry contracts and concentrates—the lowest cost producer wins here. (E.g., the many clones of the PC are made almost entirely in lowest cost locations.)

Stage 4: Saturation

This is a period of stability. The sales of the product reach the peak and there is no further possibility to increase it. This stage is characterized by:

- Saturation of sales (at the early part of this stage sales remain stable then it starts falling).
- It continues till substitutes enter into the market.
- Marketer must try to develop new and alternative uses of product.

Stage 5: Decline

Poor countries constitute the only markets for the product. Therefore almost all declining products are produced in developing countries. (E.g., PCs are a very poor example here, mainly because there is weak demand for computers in developing countries. A better example is textiles.)

Note that a particular firm or industry (in a country) stays in a market by adapting what they make and sell, i.e., by riding the waves. For example, approximately 80% of the revenues of H-P are from products they did not sell five years ago. The profits go back to the host old country

Market integration

Market integration occurs when prices among different locations or related goods follow similar patterns over a long period of time. Group of prices often move proportionally to each other and when this relation is very clear among different markets it is said that the markets are integrated. Thus market integration is an indicator that explains how much different markets are related to each other.

The four models of integration

Our analysis identified four types of integration in campaigns:

1. **No integration** where a campaign either used a single advertising channel or took a laissez faire approach to merging channels.

2. **Advertising-led integration** around a common creative platform. This ranges from visual identity only -the so-called 'matching luggage' approach – to a full-scale advertising creative idea across multiple disciplines, including non-advertising channels.

3. **Brand idea-led orchestration** where there was unification around a shared brand concept or need-state platform. Within this segment, the creative work does not look united by a common advertising idea, yet the audience is able to decode the strands as part of one brand's message.

4. **Participation-led orchestration** where the goal between brand and audiences is to create a common dialogue, co-creation, experience or 'conversation'.

Product and Branding strategies

A brand is a "name, term, symbol or design to identify the goods or services and to differentiate them from those of the competitors." American Marketing Association defines brand as, "the use of name, term, symbol or design or some combination of these to identify the product of a certain seller from those of competitors." A brand identifies the product for a buyer. A seller can earn the goodwill and have the patronage repeated.

Branding

It is the practice of giving a specified name to a product or group of products of one seller. Branding is the process of finding and fixing the means of identification. In other words, naming a product, like naming a baby is known as branding.

Functions of branding

- It helps in product identification and gives distinctiveness to a product
- Indirectly it denotes the quality or standard of a product
- It eliminates imitation products
- It ensures legal right on the product

Brand elements

Brands typically are made up of various elements, such as:

- **Name:** The word or words used to identify a company, product, service, or concept.
- **Logo:** The visual trademark that identifies the brand.

- **Tagline or Catchphrase:** "The Quicker Picker Upper" is associated with Bounty paper towels.
- **Graphics:** The dynamic ribbon is a trademarked part of Coca-Cola's brand.
- **Shapes:** The distinctive shapes of the Coca-Cola bottle and of the Volkswagen Beetle are trademarked elements of those brands.
- **Colors:** Owens-Corning is the only brand of fiberglass insulation that can be pink.
- **Sounds:** A unique tune or set of notes can denote a brand. NBC's chimes are a famous example.
- **Scents:** The rose-jasmine-musk scent of Chanel No. 5 is trademarked.
- **Tastes:** Kentucky Fried Chicken has trademarked its special recipe of eleven herbs and spices for fried chicken.
- **Movements:** Lamborghini has trademarked the upward motion of its car doors.
- Customer relationship management

Branding strategies

Company name

Often, especially in the industrial sector, it is just the company's name which is promoted (leading to one of the most powerful statements of branding: saying just before the company's downgrading, "No one ever got fired for buying IBM"). This approach has not worked as well for General Motors, which recently overhauled how its corporate brand relates to the product brands. Exactly how the company name relates to product and services names is known as brand architecture. Decisions about company names and product names and their relationship depend on more than a dozen strategic considerations. In this case a strong brand name (or company name) is made the vehicle for a range of products (for example, Mercedes-Benz or Black & Decker) or a range of subsidiary brands (such as Cadbury Dairy Milk, Cadbury Flake or Cadbury Fingers in the UK).

Individual branding

Each brand has a separate name (such as Seven-Up, Kool-Aid or Nivea Sun (Beiersdorf)), which may compete against other brands from the same company (for example, Persil, Omo, Surf and Lynx are all owned by Unilever).

Attitude branding and iconic brands

Attitude branding is the choice to represent a larger feeling, which is not necessarily connected with the product or consumption of the product at all. Marketing labeled as attitude branding include that of Nike, Starbucks, The Body Shop, Safeway, and Apple Inc.

The color, letter font and style of theCoca-Cola and Diet Coca-Cola logos inEnglish were copied into matching Hebrewlogos to maintain brand identity in Israel.

Iconic brands are defined as having aspects that contribute to consumer's self-expression and personal identity. Brands whose value to consumers comes primarily from having identity value are said to be "identity brands". Some of these brands have such a strong identity that they become more or less cultural icons which makes them "iconic brands". Examples are: Apple, Nike and Harley Davidson. Many iconic brands include almost ritual-like behaviour in purchasing or consuming the products.

There are four key elements to creating iconic brands (Holt 2004):

1. "Necessary conditions" – The performance of the product must at least be acceptable, preferably with a reputation of having good quality.
2. "Myth-making" – A meaningful storytelling fabricated by cultural insiders. These must be seen as legitimate and respected by consumers for stories to be accepted.

3. "Cultural contradictions" – Some kind of mismatch between prevailing ideology and emergent undercurrents in society. In other words a difference with the way consumers are and how they wish they were.
4. "The cultural brand management process" – Actively engaging in the myth-making process in making sure the brand maintains its position as an icon.

"No-brand" branding

Recently a number of companies have successfully pursued "no-brand" strategies by creating packaging that imitates brand simplicity. Examples include the Japanese company Muji, which means "No label" in English (from "Mujirushi Ryohin" – literally, "No brand quality goods"), and the Florida company No-Ad Sunscreen. Although there is a distinct Muji brand, Muji products are not branded. This no-brand strategy means that little is spent on advertisement or classical marketing and Muji's success is attributed to the word-of-mouth, a simple shopping experience and the anti-brand movement. "No brand" branding may be construed as a type of branding as the product is made conspicuous through the absence of a brand name. "Tapa Amarilla" or "Yellow Cap" in Venezuela during the 1980s is another good example of no-brand strategy. It was simply recognized by the color of the cap of this cleaning products company.

Derived brands

In this case the supplier of a key component, used by a number of suppliers of the end-product, may wish to guarantee its own position by promoting that component as a brand in its own right. The most frequently quoted example is Intel, which positions itself in the PCmarket with the slogan (and sticker) "Intel Inside".

Brand extension and brand dilution

The existing strong brand name can be used as a vehicle for new or modified products; for example, many fashion and designer companies extended brands into fragrances, shoes and accessories, home textile, home decor, luggage, (sun-) glasses, furniture, hotels, etc.

Mars extended its brand to ice cream, Caterpillar to shoes and watches, Michelin to a restaurant guide, Adidas and Puma to personal hygiene. Dunlop extended its brand from tires to other rubber products such as shoes, golf balls, tennis racquets and adhesives. Frequently, the product is no different than what else is on the market, except a brand name marking.

There is a difference between brand extension and line extension. A line extension is when a current brand name is used to enter a new market segment in the existing product class, with new varieties or flavors or sizes. When Coca-Cola launched "Diet Coke" and "Cherry Coke" they stayed within the originating product category: non-alcoholic carbonated beverages. Procter & Gamble (P&G) did likewise extending its strong lines (such as Fairy Soap) into neighboring products (Fairy Liquid and Fairy Automatic) within the same category, dish washing detergents.

The risk of over-extension is brand dilution where the brand loses its brand associations with a market segment, product area, or quality, price or cachet.

Multi-brands

Alternatively, in a market that is fragmented amongst a number of brands a supplier can choose deliberately to launch totally new brands in apparent competition with its own existing strong brand (and often with identical product characteristics); simply to soak up some of the share of the market which will in any case go to minor brands. The rationale is that having 3 out of 12 brands in such a market will give a greater overall share than having 1 out of 10 (even if much of the share of these new brands is taken from the existing one). In its most extreme manifestation, a supplier pioneering a new market which it believes will be particularly attractive may choose immediately to launch a second brand in competition with its first, in order to pre-empt others entering the market. This strategy is widely known as Multi Brand Strategy.

Individual brand names naturally allow greater flexibility by permitting a variety of different products, of differing quality, to be sold without confusing the consumer's perception of what business the company is in or diluting higher quality products.

Once again, Procter & Gamble is a leading exponent of this philosophy, running as many as ten detergent brands in the US market. This also increases the total number of "facings" it receives on supermarket shelves. Sara Lee, on the other hand, uses it to keep the very different parts of the business separate — from Sara Lee cakes through Kiwi polishes to L'Eggs pantyhose. In the hotel business,Marriott uses the name Fairfield Inns for its budget chain (and Choice Hotels uses Rodeway for its own cheaper hotels).

Cannibalization is a particular problem of a Multi Brand Strategy approach, in which the new brand takes business away from an established one which the organization also owns. This may be acceptable (indeed to be expected) if there is a net gain overall. Alternatively, it may be the price the organization is willing to pay for shifting its position in the market; the new product being one stage in this process.

Private labels

Private label brands, also called own brands, or store brands have become popular. Where the retailer has a particularly strong identity (such as Marks & Spencer in the UK clothing sector) this "own brand" may be able to compete against even the strongest brand leaders, and may outperform those products that are not otherwise strongly branded.

Individual and organizational brands

There are kinds of branding that treat individuals and organizations as the products to be branded. Personal branding treats persons and their careers as brands. The term is thought to have been first used in a 1997 article by Tom Peters. Faith branding treats religious figures and organizations as brands. Religious media expert Phil Cooke has written that faith branding handles the question of how to express faith in a media-dominated culture. Nation branding works with the perception and reputation of countries as brands.

Crowd sourcing branding

These are brands that are created by "the public" for the business, which is opposite to the traditional method where the business creates a brand. This type of method minimizes the risk of brand failure, since the people that might reject the brand in the traditional method are the ones who are participating in the branding process.

Nation branding (place branding and public diplomacy)

Nation branding is a field of theory and practice which aims to measure, build and manage the reputation of countries (closely related toplace branding). Some approaches applied, such as an increasing importance on the symbolic value of products, have led countries to emphasise their distinctive characteristics. The branding and image of a nation-state "and the successful transference of this image to its exports – is just as important as what they actually produce and sell."

Destination Branding

Destination Branding is the work of cities, states, and other localities to promote to themselves. This work is designed to promote the location to tourists and drive additional revenues into a tax base. These activities are often undertaken by governments, but can also result from the work of community associations. The Destination Marketing Association International is the industry leading organization.

Types of brand names

Brand names come in many styles. A few include:

- **Initialism**: A name made of initials such, as UPS or IBM

- **Descriptive**: Names that describe a product benefit or function, such as Whole Foods or Airbus
- **Alliteration and rhyme**: Names that are fun to say and stick in the mind, such as Reese's Pieces or Dunkin' Donuts
- **Evocative**: Names that evoke a relevant vivid image, such as Amazon or Crest
- **Neologisms**: Completely made-up words, such as Wii or Kodak
- **Foreign word**: Adoption of a word from another language, such as Volvo or Samsung

  Founders' names: Using the names of real people, (especially a founder's name), such as Hewlett-Packard, Dell or Disney
- **Geography**: Many brands are named for regions and landmarks, such as Cisco and Fuji Film
- **Personification**: Many brands take their names from myths, such as Nike; or from the minds of ad execs, such as Betty Crocker
- The act of associating a product or service with a brand has become part of pop culture. Most products have some kind of brand identity, from common table salt to designer jeans. A brandnomer is a brand name that has colloquially become a generic term for a product or service, such as Band-Aid, Nylon, or Kleenex—which are often used to describe any brand of adhesive bandage; any type of hosiery; or any brand of facial tissue respectively. Xerox, for example, has become synonymous with the word "copy".

Types of branding

- **Corporate branding** is the practice of using a company's name as a product brand name. It is an attempt to use corporate brand equity to create product brand recognition. It is a type of family branding or umbrella brand. Disney, for example, includes the word "Disney" in the name of many of its products; other examples include IBM and Heinz. This strategy contrasts with individual product branding, where each product has a unique brand name and the corporate name is not promoted to the consumer.

- **Individual branding**, also called **individual product branding**, **flanker brands** or **multibranding**, is the marketing strategy of giving each product in a portfolio its own unique brand name. This contrasts with family branding, corporate branding, and umbrella branding in which the products in a product line are given a single overarching brand name. The advantage of individual branding is that each product has an image and identity that is unique. This facilitates the positioning of each product, by allowing a firm to position its brands differently.
- **Personal branding** is the practice of people marketing themselves and their careers as brands. While previous help management techniques were about self-improvement, the personal-branding concept suggests instead that success comes from self-packaging. Personal branding also involves creating an asset by defining an individual's body, clothing, appearance, digital and online presence and areas of knowledge in a way leading to a uniquely distinguishable, and ideally memorable, impression. The term is thought to have been first used and discussed in a 1997 article by Tom Peters.
- **Rebranding** is a marketing strategy in which a new name, term, symbol, design, or combination thereof is created for an established brand with the intention of developing a new, differentiated identity in the minds of consumers, investors, and competitors.[1][2] Often, this involves radical changes to a brand's logo, name, image, marketing strategy, and advertising themes. Such changes typically aim to reposition the brand/company, occasionally to distance itself from negative connotations of the previous branding, or to move the brand up market; they may

also communicate a new message a new board of directors wishes to communicate.

- **Nation branding** aims to measure build and manage the reputation of countries (closely related to place branding). Some approaches applied, such as an increasing importance on the symbolic value of products, have led countries to emphasize their distinctive characteristics. The branding and image of a nation-state "and the successful transference of this image to its exports - is just as important as what they actually produce and sell." This is also referred to as country-of-origin effect. Nation branding is still a developing field in which scholars continue their search for a unified theoretical framework. Many governments have resource dedicated to Nation Branding. Their aim is to improve their country's standing, as the image and reputation of a nation can dramatically influence its success in attracting tourism receipts and investment capital; in exports; in attracting a talented and creative workforce and in its cultural and political influence in the world.
- **Foreign branding** is an advertising and marketing term describing the implied cachet or superiority of products and services with foreign or foreign-sounding names. In non-English-speaking countries, many brands use English or American-styled names. In English and other non-English-speaking countries, many cosmetics and fashion brands use French or Italian-styled names. There are also Japanese, Scandinavian and of other origin sounding names used in both English and non-English-speaking countries to achieve specific effects.

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UNIT III

Pricing: definition- objectives of pricing decision- factors influencing pricing decisions- methods of setting price- cost- demand and competition- pricing policies and strategies

PRICING SYSTEM

Introduction

Pricing assumes a significant role in a competitive economy. Price is the main factor which affects the sales organisation. A good price policy is of great importance to the producers, wholesalers, retailers and the consumers. Marketers try to achieve their long-run pricing objectives through both price policies and price strategies. If prices are high, few buyers purchase and if prices are low, many buyers purchase. Thus market may be reduced or increased. That is, the price increases in relation to the sales revenue. Thus pricing is a critical situation. Therefore a sound pricing policy must be adopted to have maximum sales revenue.

What is price?

Price may be defined as the exchange of goods or services in terms of money. Without price there is no marketing in the society. If money is not there, exchange of goods can be undertaken, but without price; *i.e.,* there is no exchange value of a product or service agreed upon in a market transaction, is the key factor which affects the sales operations.

- What you pay is the price for what you get.
- Price is the exchange of goods or services in terms of money.

- Price of product or service is what the seller feels it worth, in terms of money, to the buyer.

Objectives of Pricing of decisions

1. **Pricing for target return**

   Business needs capital, *i.e.*, investment in the shape of various types of assets and working capital. When a businessman invests in a business, he calculates the probable return on his investment. A certain rate of return on investment is aimed. Then the price is fixed accordingly. The price includes the predetermined average return. This is seller oriented policy. Many well-established firms adopt the objectives of pricing in terms of "return on investment." Firms want to secure a certain percentage of return on their investment or on sales. The target of a firm is fixed in terms of investment.

   A company may set target at 10 or 15% return on investment. Further, this target may be for a long term or short term. Wholesalers and retailers may follow the short term, usually a year. They charge certain percentage over and above the price, they purchased, which is enough to meet operational cost and a desired profit. This target chosen, can be revised from time to time. This objective of pricing is also known as pricing for profit. Certain firms adopt this method as a satisfactory objective, in the sense they are satisfied with a certain rate of return.

2. **Market share**

   The target share of the market and the expected volume of sales are the most important consideration in pricing the products. Some companies adopt +the main pricing objective so as to maintain or to improve the market share towards the product. A good market share is a better indication of progress. For this, the firm may lower the price, in comparison to the rival products, with a view to capture the market. By reducing the price, customers are not exploited, rather benefited.

The management can compare the present market share with the past market share and can know well whether the market share is increasing or decreasing. When the market share is decreasing, low pricing policy can be adopted by large-scale manufacturers, who produce goods needed daily by the consumers. So margin profit comes down because of low price, market share can be increased, besides attracting new users.

3. **To meet or prevent competition**

The pricing objective may be to meet or prevent competition. While fixing the price, the price of similar products, produced by other firms, will have to be considered. Generally, producers are not in a haste to fix a price at which the goods can be sold out. One has to look to the prices of rival products and the existing competition and chalk out proper price policy so as to enable to face the market competition. At the time of introduction of the new products to the market, a low price policy is likely to attract the customers, and can establish a good market share. The low price policy discourages the competitors. The low price policy can be adopted before the obsolescent stage under PLC.

4. **Profit maximization**

Business of all kinds is run with an idea of earning profit at the maximum. Profit maximisation can be enjoyed where monopolistic situation exists. The goal should be to maximise profits on total output, rather than on every item. The scarcity conditions offer chances for profit maximisation by high pricing policy. The profit maximisation will develop an unhealthy image.

When a short-run policy is adopted for maximizing the profit, it will exploit the customers. The customers have a feeling of monopoly and high price. But a long-run policy to maximise the profit has no drawbacks. A short-run policy will attract competitors, who produce similar goods at low cost. As a result, price control and government regulations will be introduced.

5. **Stabilize price**

It is a long-time objective and aims at preventing frequent and violent fluctuations in price. It also prevents price war amongst the competitors. When the price often changes, there arises no confidence on the product. The prices are designed in such a way that during the period of depression, the prices are not allowed to fall below a certain level and in the boom period, the prices are not allowed to rise beyond a certain level. The goal is to live and let live. Thus, firms forego maximum profits during periods of short supply of products.

6. **Customers' ability to pay**

The prices that are charged differ from person to person, according to his capacity to pay. For instance, doctors charge fees for their services according the capacity of the patient.

7. **Resource mobilization**

his is a pricing objective, the products are period in such a way that sufficient resources are made available for the firms' expansion, developmental investment etc. marketers are interested in getting back the amount invested as speedily as possible. A product may have a short PLC. The management may fix a higher price and this trend will invite competitors with low priced similar products.

PROCEDURE FOR PRICE DISCRIMINATION

There is no specific procedure applicable to all firms for price determination. In general, the following steps are followed to determine the price.

1. **Determining demand for the product:**

The market has to make out estimation for its product. Each price the company might charge will lead to a different level of demand. In normal case, the price and demand are inversely related. i.e., higher the price, lower the demand. There are two steps in demand estimation.

- To determine whether there is a price which the market expects.
- To estimate the sales volume at different prices. If demand is elastic rather than inelastic, sellers will consider lowering their price, to produce more total revenue.

2. **Anticipate and analyze the competitive reaction**

The competitors can influence the price. Competition may arise from similar products, close substitute and unrelated products seeking the same consumer's disposable income. To anticipate the reactions of the competitions, it is necessary to collect information about their products, cost structures and market share etc.

3. **Establish expected share of market**

A marketer must decide the share of the market at the expected price. Low priced products may capture large share of market, and high priced products may capture a small share of market. Share of the market is also decided by the factors such as present production capacity, cost of plant extension etc.

4. Select pricing strategy

A good and proper pricing policy may be employed to achieve a predetermined share of the market. There are two methods:

- **Skimming pricing:**

This pricing strategy is characterized by high initial price of the product at the time of introducing the product in the market. Manufacturers aim at profit maximization at the shortest period where market conditions are also favourable. The price is brought down when competitors enter into market field. It is suitable for new products because,

- at the initial stage competition is at minimum.
- If the market is unfavourable, the price can be brought down easily.
- High price creates a vision of superior products.

- **Penetration pricing:**

A low price is designed in the initial stage with a view to capture greater market share, and then this is done only by adoption of low price in the initial stage. Because of the low price, sales volume increases, competition falls down. This policy is satisfactory when,

- The cost of production comes down because of large scale of production.
- There is fear of stiff competition
- The products demand is highly price elastic.
- The public accepts the new products as a part of its daily life.

5. Consider company's marketing policies:

The price of the product is determined by the nature of the products durability, perishability or non-perish ability. Perishable goods have to be disposed off within a limited time. The price of durable products need not be reduced. But when the fashion changes, the marketer may compel the stockiest to sell out the stocks before they become obsolescent. Channel of distribution and type of middleman and promotional methods may also influence the price of the products.

Methods of Setting prices

Study the business objectives, analyze each step (mentioned above) through its merits and demerits, then select a specific price for the product by the producer. There is no specific method for setting the price. Procedures used for setting a specific price vary under different competitive conditions. Complexity of the pricing policy has led to the development of numerous approaches to price setting. The following are the basic policies generally recognized for pricing:

1. Cost based
2. Demand based
3. Cost-demand based
4. Competition based

1.Cost Based

The price determination of product, under cost-based method, is made on the basis of cost of production plus an additional margin of cost that is selling price is equal to cost production plus anticipated profit. Cost- based price or floor price, sale below the floor price will be a loss to the firm. For instance, cost of a product is Rs. 100, the profit aimed is Rs. 25 or th percentage mark up on cost is 25% then the selling price will be hundred and twenty five rupees. In india , a large number of companies follow this policy.

Its **advantages** are:

(1) Simple system
(2) Socially fair
(3) No price war among competitors
(4) Safe recovery of cost guaranteed
(5) Reasonable system in changing situation

Its **disadvantages** may be:

(1) Demand ignored
(2) Future cost not considered
(3) Unaccounted competition
(4) Inefficiency during manufacturing stage, not considered
(5) Profitability of every product ceases initiation

2. Demand Based

Weakness of the above cost based pricing is to determine the price on the basis of demand. On the basis of the demand for the product the price is fixed. One method is that the firm does not fix a price, but the charges what a buyer can pay i.e., charge what the traffic will bear. Price is fixed by simply adjusting it to the market condition. The price varies from consumer to consumer. A high demand is followed by a high price and low demand is followed by a low price. Another method is that the management may enter into test marketing, through different price and select the price and select the price which ensures the maximum revenue. In certain cases, the management may forecast price on the basis of historical data available.

Metrics of this policy are:

1. Consumer's price elasticity and preferences are considered.
2. Inefficiency is penalized.
3. New product pricing is facilitated.

Demerits are:

1. It is socially unfair.
2. It does not ensure competitive harmony.
3. Consumers are at a disadvantage.

For a real price, both cost and demand are taken into account. Cost serves as a floor and demand serving as ceiling. The actual price lies in between these two.

3. Cost- demand Based

This method removes the deficiencies of the cost-based and demand based pricing. On the basis of cost data from accounting record, demand schedules are built so as to develop the break-even analysis. This is also known as break-even analysis help in estimating the effects of different prices on profits. The firm tries to determine the price that would produce the profit it is seeking.

4. Competition Based

Before pricing a product, every firm takes into account the conditions of competition policies are to be determined to fix the selling price at above, below or in line with competition.

(1) Meeting the Competition: Marketers competing on a non-price basis simply meet competitor's price. An important point of meeting the competition is that sellers have the means of non-price competition, for example, branding, packaging, sales promotion etc.

(2) Pricing Above the Competition: This policy is less common. Under this, the price is fixed above the market price, just to impress the buyers that the product is superior.

(3) Pricing Under Competition: Many firms set lower prices because of low production cost or low quality or to promote sales. There will be less profit.

Kinds of Pricing

By the following the above principles, business firms may opt various kinds of pricing for their products. A few important of them are explained below:

1. **Psychological pricing**

   Many consumers use the price as an indicator of quality. Costs and other factors are important in pricing. Yet, psychology of the prices is also considered. Certain people prefer high priced products, considered to be of high quality. Costly items like diamond, jewellery etc., reveal the status of the persons, who wear them. They demand highly priced items. For example, highly priced television sets carrying prestige price are in demand. Then in the retail shops another pricing 'odd pricing' is used. The prices are set at odd amounts, such as Rs.19.95 instead of Rs. 20; Rs.299.90 instead of Rs. 300. Odd price, by psychology, may bring more sales. An article priced at Rs. 9.90 will have more sales than when it is priced at Rs.10.

2. **Customary Pricing**

   Customers expect a particular price to be charged for certain products. The prices are fixed to suit local conditions. The customers are familiar with the rates and market condition. Manufacturers cannot control the price. Such products are typically a standardized one. Certain business people reduce the size of the product, if the cost of manufacturing increases. Sometimes, the firm changes the price by adopting new package, size etc. for example, confectionary items.

3. **Skimming pricing**

It involves a high introductory price in the initial stage to skim the cream of demand. The products, when introduced in the market have a limited period free from other manufacturers. During this period, it aims at profit maximization, according to the favourable market condition. Generally, the price moves downward when competitors enter into the market field.

4. Penetration Pricing

A low price is designed in the initial stage with a view to capture greater market share. That is if the pricing policy is to capture greater market share, then this is done only by adoption of low prices in the initial stage. Because of the low price, sales volume increases, competition falls down.

5. Geographical Pricing

The distance between the seller and the buyer is considered in geographical pricing. In India, the cost of transportation is an important pricing factor, because of the wide geographical distance between the production center and consuming center. The majority of the producing centers are located in Bombay, Delhi, Calcutta and Madras; and at the same time the consuming centers are dispersed throughout India. There are three ways of charging transit:

(a) F.O.B. Pricing

In FOB (original) pricing, the buyer will have to incur the cost of transit and in FOB (destination) the price influences the cost of transit charges.

(b) Zone Pricing

Under this, the company divides the market into zones and quotes uniform prices to all buyers who buy within a zone. The prices are not uniform all over India. The price in one zone varies from that of another one. The prices are uniform within a zone. The price quoted is by adding the average of the transport cost.

(c) Base Point Pricing

Base point policy is characterized by partial absorption of the transport cost by the company. One or more cities are selected as points from which all shipping charges are calculated.

6. Administered price

Administered price is defined as the price resulting from managerial decision, and not on the basis of cost, competition, demand etc. but this price is set by the management after considering all relevant factors. There are many similar products manufactured by different firms and more or less the price tends to be uniform. Usually the administered price remains unaltered for a considerable period of time.

7. Dual pricing

Under this dual pricing system, a producer is required compulsory to sell a part of his production to the government or its authorized agency at a substantially low price. The rest of the product may be sold in the open market at a price fixed by the producer.

8. Mark up Pricing

This method is also known as cost plus pricing. This method is generally adopted by wholesalers and retailers. When they set up the price initially, a certain percentage is added to the cost before marketing the price.

9. Price Lining

This method of pricing I generally followed by the retailers than wholesalers this system consists of selecting a limited number of price at which the store will sell its merchandise. Pricing decisions are made initially and remain constant for a long period. Many prices are not desired and the prices should not be too close to each other or too far from each other.

10. Negotiated Pricing

It is also known as variable pricing. The price is not fixed. The price to be paid on sale depends upon bargaining. In certain cases, the product may be prepared on the basis of specification or designed by the buyer. In such cases, the price has to be negotiated and then fixed.

11. Competitive Bidding

Big Firms or the government calls for competitive bids when they want to purchase certain products or specialized items. The probable expenditure is worked out then the offer is made quoting the price, which is also known as contract price. The lowest bidder gets the work.

12. Monopoly Pricing

Monopolistic conditions exist where a product is sold exclusively by one producer or a seller. When a new product moves to the market, its price is monopoly price. There is no competition or no substitute. Monopoly price will maximize the profits, as there is no pricing problem.

13. Oligopolistic Pricing

Oligopoly is a competitive market situation and the presence of a few large sellers, who compete for larger market share. None has control over the price it charges. Any firm may take initiative in fixing the price of a product and others will follow. For example, tire, watch etc.

After the price is fixed, a businessman may face the problem of reduction in the quoted price. A difference between the price quoted and the net price charged, is known as price differential. It is considered before fixing the price. The price differentials are, in brief:

(a) **Trade Discounts**

Trade discount or functional discount is allowed in the form of deductions from the list price. Manufacturers give this type of discount to wholesalers and retailers as a consideration for the remaining marketing function to be performed by them.

(b) **Quantity Discounts**

Quantity discount is allowed to encourage a buyer to purchase in bulk. It is used as a sales device for slow moving items. For example, Rs.3 for one pen, Rs. 25 for

10 pens, Rs. 45 for 20 pens etc. In certain cases, the quality discount will be in the form of free units.

(c) **Cash Discount**

It is concession or deduction given to the consumers by the seller for remitting the bill within the specified period of time. It is a deduction from the invoice bill at the time of payment.

(d) **Seasonal Discount**

Seasonal discounts are allowed on purchases during slack season. For instance, air-coolers are generally sold during summer seasons, and to encourage sales during winter season (off season) where no sales may be possible, dealers will allow seasonal discount. This enables better utility of plant and reduces storage cost.

(e) **Allowances**

There may be special types of allowances offered to retailers, who are expected to perform promotional activities to push up the sales. For example, advertisement allowance, window display allowance, free samples, free display materials etc. Brokerage allowance is also offered to a trader or a firm that links the buyers and sellers.

PRICING POLICIES AND STRATEGIES

The following are the basic policies recognized for pricing:

1. Cost oriented pricing policy

Various methods adopted under cost oriented pricing are cost plus pricing, target pricing and break even pricing.

(a) Cost plus pricing

Under this method, the price covers entire cost incurred and so it assures that there will not be any loss to the products. This method is totally based on cost concept. Cost of the product is taken as a starting point and then a fixed percentage is added to it so as to fix the price for that product. This method is adopted by retail traders and by the manufacturers of non-standardized goods.

Merits:

- Simple system.
- Socially fair.
- No price war among competitors.
- Safe recovery of cost guaranteed.
- Reasonable system in changing situations.

Demerits:

- Demand ignored.
- Future cost is not considered.
- Unaccounted competition.

- Inefficiency during manufacturing stage, is not considered.
- Profitability of every product ceases limitation.

(b) Target pricing

Another common method adopted under cost oriented pricing is known as target pricing. Manufacturers who fix the target return on the total cost invariably allow target pricing.

(C) Break even pricing

Break-even analysis refers to the system of determining the level of operations where total revenues equal total expenses. i.e., the point of zero profit. This is sophisticated pricing technique which takes into account both the fixed costs and variable costs.

2. Demand oriented pricing policy:

In this method, the demand is the pivotal factor. Price is fixed simply by making adjustments in it to the market condition. When the demand is greater, a high price is charged and when the demand is low, a low price is charged.

Merits:

- Consumer's price elastically and preferences are considered.
- Inefficiency is penalized.
- New product pricing is facilitated.

Demerits:

- It is socially unfair.
- It does not ensure competitive harmony.

- Consumers are at disadvantage.

3. Competition oriented pricing policy

Many concerns fix prices only after having considered the competitive price structure. Deliberate policies may be framed with a view to sell below or above or in line with competition. As per this method, there cannot be any rigid relation between the price of the products and the firm's own cost or demand. Even if there is any change in its own cost or demand, it maintains its prices. The firm will change its prices only when the competitors change.

FACTORS AFFECTING PRICING DECISIONS

(A) Internal factors

1. Organizational factors

Pricing decisions occur on two levels in the organisation. Over-all price strategy is dealt with by top executives. They determine the basic ranges that the product falls into in terms of market segments. The actual mechanics of pricing are dealt with at lower levels in the firm and focus on individual product strategies. Usually, some combination of production and marketing specialists are involved in choosing the price.

2. Marketing mix

Marketing experts view price as only one of the many important elements of the marketing mix. A shift in any one of the elements has an immediate effect on the other three- Production, Promotion and Distribution. In some industries, a firm may use price reduction as a marketing technique. Other firms may rise prices as a deliberate strategy to build a high –prestige product line. In either case, the effort will not succeed unless the price change is combined with a total marketing strategy that supports it. A firm that raises its prices may add a more impressive-looking package and may begin a new advertising campaign.

3. **Product differentiation**

The price of the product also depends upon the characteristics of the product. In order to attract the customers, different characteristics are added to the product., such as quality, size, colour, attractive package, alternative uses etc. Generally, customers pay more price for the product which is of the new style, fashion, better package etc.

4. **Cost of the product**

Cost and price of the product are closely related. The most important factor is the cost of production. In deciding to market a product, a firm may try to decide what prices are realistic, considering current demand and competition in the market. The product ultimately goes to the public and their capacity to pay will fix the cost; otherwise product would be flapped in the market.

5. **Objectives of the firm**

A firm may have various objectives and pricing contributes its share in achieving such goals. Firms may pursue a variety of value-oriented objectives, such as maximising sales revenue, maximising market share, maximising customer volume, minimising customer volume, maintaining an image, maintaining stable price etc. Pricing policy should be established only after proper considerations of the objectives of the firm.

(B) External factors

1. **Demand**

The market demand for a product or services obviously has a big impact on pricing. Since demand is affected by factors like, number and size of competitors, the prospective buyers, their capacity and willingness to pay, their preference etc are taken into account while fixing the price.

A firm can determine the expected price in a few test-markets by trying different prices in different markets and comparing the results with a controlled market in which price is not altered. If the demand of the product is inelastic, high prices may be fixed. On the other hand, if demand is elastic, the firm should not fix high prices, rather it should fix lower prices than that of the competitors.

2. **Competition**

Competition conditions affect the pricing decisions. Competition is crucial factor in price determination. A firm can fix the price equal to or lower than that of the competitors, provided the quality of product, in no case, be lower than that of the competitors.

3. **Suppliers**

Suppliers of raw material and other goods can have a significant effect on the price of a product. If the price of cotton goes up, the increase is passed on by suppliers to manufacturers. Manufacturers, in turn, pass it on to consumers. Sometimes, however, when a manufacturer appears to be making large profits on a particular product, suppliers will attempt to cash in on the profits by charging more for their supplies.

In other words, the price of a finished product is intimately linked up with the price of the raw materials. Scarcity or abundance of the raw materials also determines pricing.

4. Economic conditions

The inflationary and deflationary tendency affects the pricing. In recession period, the prices are reduced to a sizeable extent to maintain the level of turnover. On the other hand, the prices are increased in boom period to cover the increased cost of production and distribution.

To meet the changes in demand, price etc. several pricing decisions are available –
(a) Prices can be boosted to protect profits against rising cost.
(b) Price protection system can be developed to link the price on delivery to current costs.
(c) Emphasis can be shifted from sales volume to profit margin and cost reduction etc.

5. Buyers

The various consumers and businesses that buy a company's products or services may have an influence in the pricing decision. Their nature and behaviour for the purchase of a particular product, brand or service etc. affect pricing when their number is large.

6. Government

Price discretion is also affected by the price-control by the government through enactment of legislation, when it is thought proper to arrest the inflationary trend in prices of certain products. The prices cannot be fixed higher, as government keeps a close watch on pricing in the private sector.

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UNIT IV

***Sales promotion**: meaning and definition- objectives and importance of sales promotion- personal selling- steps in personal selling- advertising- meaning- objectives- functions and importance- kinds of media- direct marketing- multilevel marketing. Distribution channels: types of channels- factors affecting choice of distribution*

Sales Promotion

Meaning of promotion:

Promotion is the process of marketing communication to inform, persuade, remind and influence consumer or user in favour of advertiser's products or service.

Promotion has three specific purposes:

- Communicates marketing information to consumers, users and sellers.
- Promotion persuades and convinces the buyer and influences his behavior to take the desired action.
- Promotional efforts act as powerful tool of competition providing the cutting edge of its entire marketing programme.

Definition

It is defined as "the co-coordinated self-initiated efforts to establish channels of information and persuasion to facilitate or forecast the sales of goods or services or the acceptance of ideas or points of view."

Promotion Strategy

Strategy lays down the broad principle which a company hopes to secure an advantage over competitors, exhibit attractiveness to buyers and lead to full exploitation of company's resources.

Promotion strategy depends upon:

- The company
- The product
- The buyer and
- The channel.

Promotion strategy deals with the following decision.

- The blend of promotional activities.
- The amount allocated for the various forms of promotion particularly to the advertising media such as press, radio, television and so on.
- The kind of promotion to be used.

There are five main aspects of a **promotional mix**. These are:

- **Advertising** - Presentation and promotion of ideas, goods, or services by an identified sponsor. Examples: Print ads, radio, television, billboard, direct mail, brochures and catalogs, signs, in-store displays, posters, motion pictures, Web pages, banner ads, and emails.
- **Personal selling** - A process of helping and persuading one or more prospects to purchase a good or service or to act on any idea through the use of an oral presentation. Examples: Sales presentations, sales meetings, sales training and incentive

programs for intermediary salespeople, samples, and telemarketing. Can be face-to-face selling or via telephone.

- **Sales promotion** - Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples: Coupons, sweepstakes, contests, product samples, rebates, tie-ins, self-liquidating premiums, trade shows, trade-ins, and exhibitions.
- **Public relations** - Paid intimate stimulation of supply for a product, service, or business unit by planting significant news about it or a favorable presentation of it in the media. Examples: Newspaper and magazine articles/reports, TVs and radio presentations, charitable contributions, speeches, issue advertising, and seminars.
- **Direct Marketing** is a channel-agnostic form of advertising that allows businesses and nonprofits to communicate straight to the customer, with advertising techniques such as mobile messaging, email, interactive consumer websites, online display ads, fliers, catalog distribution, promotional letters, and outdoor advertising.

PROMOTIONAL STRATEGY:

The two main strategies in promotion are pull strategy and push strategy.

1. Pull strategy

- Pull strategies depend upon mass communication.
- Here, the manufacturers make advertisement and sales promotion targeting the ultimate customer. This creates end user demand. Customer forces the retailers, the retailers force the wholesalers and the wholesalers force the manufacturers for the product. Thus the objectives of manufacturers are attained.
- In this strategy, importance is given to ultimate customers.
- Personal salesmanship plays a secondary role in pull promotion.
- Dealer margin are low in pull promotion.

- The request for the products starts from consumer up to producer.

2. **Push strategy**

- Push strategy is also called as pressure strategy.
- Here the manufacturer makes the promotion effects towards wholesaler and form retailers.
- Flow of goods and flow of promotion move from producer to wholesaler and from wholesalers to retailers and from retailers to ultimate consumers.
- It plays heavy emphasis on personal selling.
- Industrial marketing strategies are relying primarily on personal selling.
- In push strategies, personal selling expenses are considerable and dealer margin is also high. Push strategy can be followed when:

  - We have high quality product with unique selling points.
  - We have high priced product.
  - We can offer adequate incentive middleman and their salesman.

Push and Pull strategy:

- Many consumers' goods manufacturers generally employ a push pull strategy to sell their products.
- The ratio of push to pull may differ according to the requirements of market situation.
- Salesmen are used to push the goods through the marketing channel while advertising and sales promotion will support personal selling to accelerate sales.
- Here all tools of promotion work together.

Factors Which Influence Promotional Mix

1. Push and Pull Strategies:

The purpose of promotion is to motivate and persuade not only the ultimate consumers, but also to the intermediaries who are available involved in making available goods finally to consumers.

If the strategy adopted is to motivate and persuade the intermediaries' to make effort to increase the sales the strategy is called push strategy. If the personal selling along with advertising and other trade promotional measures. The-manufacturer promotes goods to wholesalers, wholesalers in turn promote to the retailers and retailers persuading the consumers to buy.

On the other hand, if the customer demands particular goods from the retailer and the retailers want the same from the wholesalers and the wholesalers in turn asking the manufacturers to provide that kind of goods. Thus here it is the customer to wholesaler who is pulling the cord. The advertising by the manufacturer may persuade the consumer to ask for the goods to their retailers. Retailers in turn will ask the wholesalers and the wholesalers to manufacturer. The marketing manager will have to decide whether to use push or pull strategy.

Customer-targeted marketing communications are pull type of communications. The objectives of pull marketing communication are to build awareness, attraction, and loyalty and to reduce search costs. When pull communications are successful, customers will seek out certain products or services and, in essence, by the interest they create, and pull the product through the channel.

On the other hand, push communications are directed at channel intermediaries. The objective is to motivate channel intermediaries to carry certain products to make available to customers. If successful, push communication strategies result into a wider range of availability, fewer stockouts, greater merchandising (shelf space), and a greater marketing effort. It would have been achieved with little or no push communication. However, to be more successful, a combination of the two is required.

2. Product Features

Use of a particular tool of promotion mix depends upon the type of goods to be marketed. For industrial products more of personal selling is required. For consumer products like HUL's Axe, more of advertising is required. For highly image- oriented products like fashion garment the presence of designers or celebrities inside the store is required. For goods where not much difference is there in features and performance more of sales promotion is required.

Where the organisation is equally important, the public relations become more important. For seasonal products, off-season sale is very important, but advertising is required for sale round the year sale. This is why the retailers of full sleeve shirts and sweaters and suits organise sale in the month of January. For high-priced products, personal selling is important to mitigate risk. For low convenience goods marketers use advertising rather than personal selling. For products, where customers do not want to talk with the salesperson like Viagra, condom, hair colour (by a senior citizen) the advertising is more important.

3. Stage of the Product Life Cycle

In different phases of a product life cycle, different tools of promotion mix become more effective. In the introductory stage to create awareness among the customers including business customers and distributors advertising has to be undertaken in a big way. Free samples may be distributed to the consumers and trade promotion may be undertaken to motivate distributors to stock the goods.

In the growth stage, the consumers have already heard of the product. Promotion has to be directed at specifying product benefits. Advertising increases whereas sales promotion declines. During the maturity stage, the emphasis will be on switching the customers from competitors and hence more of sales promotion is used. In the decline stage the firm will be more interested in harvesting revenue as much as possible. There will be a great decrease in expenditure on promotion.

4. Buyer Readiness

If the customer is unaware of the product, advertising and public relations are more important, but when he is in the marketplace sales promotion and personal selling are more important to make a decision.

5. Type of Buyer

Buyers can be of different types and promotion mix has to be devised accordingly. In case of Organisational or business buyers, ads published in specialised trade publications and personal selling are more important; whereas, consumers are swayed by glossy advertisements endorsed by some celebrities.

6. Type of Distribution

For intensive distributable goods, more advertising is done and also the help of sales promotion is taken. For goods sold through selective distribution, the promotion mix would vary, and for exclusive distribution like Rado watch, high- quality furniture, it needs more of personal selling.

7. Objectives, Budget, Cost and Availability of Media

Firm's promotional objectives are the reflections of overall marketing objectives. If the objective is to make mass awareness, the firm may go in for advertising, sales promotion and public relation. Most of the food companies, like Nestle, HUL, PepsiCo not only go in for aggressive ad campaigning, but also distribute free samples and go in for public relations.

If the objective is to invite the customer to the store where demonstration can be shown, then a combination of small advertising (to inform), sales promotion (to attract) and personal selling (to persuade) is undertaken.

Apart from objectives the promotion mix would be determined on the basis of budget made available to marketing department. If it is small the firm it would concentrate on personal selling. If it is larger firm, then it can advertise through regional and national media like that of HUL in India.

Cost of promotional tools is important in determining promotion mix. To reach a larger audience advertising is used. Many a companies now a days do not buy ad slots in cricket tournaments as it has become a very costly affair. The small entrepreneurs make use of local directories, cable TV bands, radio, local newspapers, outdoor ads and other promotional methods.

Even if the budget is there and the cost is ok, the availability of media is equally important. No marketer of tobacco or alcohol products is permitted to advertise on TV channels in India.

Many ads are denied if they are against national dignity and interest and disrespect the motherland's culture. In some of the countries 'comparative advertising' is not allowed.

SALES PROMOTION

Meaning

The word promotion is derived from the Latin word "promovene" which means to move forward. Sales promotion is one among the three pillars of promotional mix. The other two pillars are personal selling and advertising. Sales promotion is the connecting link between personal selling and advertising sales promotion is an important and specialized function of marketing.

Definition

According to W.J.Stanton, "Promotion encompares all the tools in the marketing mix whose major role is persuasive communication."

Objectives Of Sales Promotion

The main objective of sales promotion is to bring about a change in the demand pattern of products and services. Basically, sales promotion has three specific objectives. First, it is meant to provide important marketing information to the potential buyers.

- To increase sales directly by publicity through the media which are complementary to press and poster advertising.

- To discriminate information through salesmen, dealers etc so as to ensure the product getting into satisfactory use by the ultimate consumers.
- To attract the prospective buyers towards the product and to induce them to buy the product at the point of purchase.
- To enable the salesmen to achieve more sales in their territory in preference to another.
- To ensure the co-operation of the retailers to sell one brand in preference to another.

The second objective is to convince and influence the potential buyers through persuasive measures. Thirdly, sales promotion is meant to act as a powerful tool of competition. The specific objectives of sales promotion are as follows:

1. **To introduce new products or services:**

Sales promotion is often used to motivate prospective consumers to try new products and services. Dealers are also induced to introduce new products and services in the market. Usually, free samples are provided through dealers during such introduction. Similarly, discounts in cash or goods may also be offered to dealers to stock new products or deal with new services. Free samples, trade discounts, cash discounts are basically sales promotion measures.

2. **To attract new customers:**

Sales promotion measures also play an important role in attracting new customers for an organisation. Usually, new customers are those persons that are won away from other firms. Samples, gifts, prizes, etc. are used to encourage consumers to try a new brand or shift their patronage to new dealers.

3. **To induce existing customers to buy more:**

Sales promotion devices are most often used to induce the existing customers of a firm to buy more. Product development, offering three products at the cost of two, discount coupons, are some of the sales promotion devices used by firms to motivate the existing buyers to buy more of a specific product.

4. **Helps the firm to remain competitive:**

   Most of the companies undertake sales promotion activities in order to remain in the competitive market. Therefore, in the modern competitive world no firm can escape the responsibility of undertaking sales promotion activities.

5. **To increase sales in off-seasons:**

   Many products like air-coolers, fans, refrigerators, air-conditioners, cold drinks, room heaters, etc. have seasonal demand. Manufacturers and dealers dealing with such type of goods make every effort to maintain a stable demand throughout the year.

   In other words, firms try to encourage the purchase of such goods in off-seasons also. That is the main reason behind discounts and off-season price reductions of such items in the market during slack seasons.

6. **To add to the stock of the dealers:**

   Dealers like wholesalers and retailers usually deal with a variety of goods. Their selling activity becomes easier when the manufacturer supplements their efforts by sales promotion measures. When a product or service is well supported by sales promotion, dealers are automatically induced to have more of such items.

Importance of sales Promotion

Communication plays an important role in marketing. Communication perform the function of informing the target customer about the nature and type of the firm's product and services, their unique benefits, uses and features as well as the price and place at which these products can be purchased. The nature of marketing communication is persuasive since it aims at influencing the consumer behaviour in favour of the firm's offering. These persuasive communications are commonly called "Promotion". In the context of marketing promotion refers to the applied communication used by marketers to exchange persuasive messages and information between the firm and its various prospective customers and general public.

Marketing communication is the essential element of the promotion function of marketing. Effective marketing depends on effective management of its promotion function. Effective promotion comes through effective communication. Success of products like hot-shot camera, Maggie 2 minute noodles, Khaitan fans, and UTI's ULIP scheme are purely depend on the promotion function played by the respective marketing firms. There are products which are failed due to the lack of effective promotion.

With the growing competition in the market place as well as the customers becoming better informed and more choosy, it is important now that marketing communications of the right kind only are made to the right group of target buyers. Giving below the purpose of Promotion

Communicating information

The job of marketing is to identify consumer wants and then satisfy these wants with the right kind of products, at the right place and at the right price. The purpose of promotion in the marketing function is to convey to customers about the features of the product and how it will satisfy consumer wants or any other relevant information needed by consumers to affect sales. For example, if a refrigerator manufacturer is planning to offer off-season discount, it is essential to communicate to potential customers about the extent of discount, period during which discount is available, name of the stores where it is available etc. If all such information is not communicated to potential customers, lowering of prices will not be beneficial to either the consumer or the manufacturer. Promotion is, thus, an essential part of the marketing function as it is essentially communication.

Promotion is persuasive Communication: In any free enterprise system where firms develop and offer a wide range of new and better products, there are full of messages and distractions of all sorts. Consumer often have to select the products from among a wise range of competing products. As consumers do not have time and energy to compare the competing products physically, they turn to advertisements for product information. The present business environment being highly competitive, each firm wants the customers to buy its brand. Thus, persuasion is another goal of promotion. In other words, promotion is persuasive communication.

Promotion serves as a reminder: Consider a customer who regularly buys Colgate Toothpaste or Lux Soap. Do marketers of Colgate Toothpaste or Lux Soap advertise to appeal to such customers. The answer is yes, because even the most loyal customers must be reminded that t product has served them well over the years and about the features that make the product attractive. This is more so in an environment where competitors consistently attempt to attract the customers of competing brands with their own informative and persuasive message. Thus, in addition to informing and persuading, another important purpose of promotion is reminding customers. This is why even when the manufactures of well established products like Colgate, Lux, Surf, Nescafe, Lifebuoy etc. also advertise quite extensively to sustain customers preference for these products.

The possible objectives for marketing promotions may include the following:

- **Build Awareness** – New products and new companies are often unknown to a market, which means initial promotional efforts must focus on establishing an identity. In this situation the marketer must focus promotion to: 1) effectively reach customers, and 2) tell the market who they are and what they have to offer.
- **Create Interest** – Moving a customer from awareness of a product to making a purchase can present a significant challenge. As we saw with our discussion of consumer and business buying behavior, customers must first recognize they have a need before they actively start to consider a purchase. The focus on creating messages that convince customers that a need exists has been the hallmark of marketing for a long time with promotional appeals targeted at basic human characteristics such as emotions, fears, sex, and humor.

- **Provide Information** – Some promotion is designed to assist customers in the search stage of the purchasing process. In some cases, such as when a product is so novel it creates a new category of product and has few competitors, the information is simply intended to explain what the product is and may not mention any competitors. In other situations, where the product competes in an existing market, informational promotion may be used to help with a product positioning strategy. As we discuss in the Targeting Markets tutorial, marketers may use promotional means, including direct comparisons with competitor's products, in an effort to get customers to mentally distinguish the marketer's product from those of competitors.

- **Stimulate Demand** – The right promotion can drive customers to make a purchase. In the case of products that a customer has not previously purchased or has not purchased in a long time, the promotional efforts may be directed at getting the customer to try the product. This is often seen on the Internet where software companies allow for free demonstrations or even free downloadable trials of their products. For products with an established customer-base, promotion can encourage customers to increase their purchasing by providing a reason to purchase products sooner or purchase in greater quantities than they normally do. For example, a pre-holiday newspaper advertisement may remind customers to stock up for the holiday by purchasing more than they typically purchase during non-holiday periods.

- **Reinforce the Brand** – Once a purchase is made, a marketer can use promotion to help build a strong relationship that can lead to the purchaser becoming a loyal customer. For instance, many retail stores now ask for a customer's email address so that follow-up emails containing additional product information or even an incentive to purchase other products from the retailer can be sent in order to strengthen the customer-marketer relationship.

In recent years, the importance of sales promotion has increased. The amount spent on sales promotion now equals the amount spent on advertising. The importance of sales promotion increase is due to the thinking of new ideas for creating a favorable condition of selling, promoting sales and future expansion of sales. For the birth of new product on a new brand, sales promotion is very important.

Advertising reaches the customers at their homes, whereas sales promotional devices inform remind or stimulate the buyers at the point of purchase. Hence it is the only device which is available to the consumers at the point of purchase. A good sales promotional programme will remove the consumer's dissatisfaction.

Merits of sales promotion:

- It stimulates in the consumers an attitude towards the product.
- It creates a better incentive in the consumers to make a purchase. It is a demand creator.
- It gives direct inducement to the consumers to take immediate action.
- It is flexible. It can be used at any stage of a new product introduction.
- Sales promotion leads to low unit cost due to large scale production and large scale selling.

Situations when sales promotion is effective:

- A new brand is introduced.
- We have to communicate a major improvement or attraction in product.
- Enlarging the result of advertising.
- Increasing the number of retail stores in order to sell out products.
- Engaging or embarking upon aggressive sales campaign.

Limitations of sales promotion:

- Sales promotion is only supplementary device to supplement selling efforts of other promotion tools.
- Sales promotion activities are having temporary and short life. The benefits are also short lived for three or four months. Demand will fall down.
- They are non securing in their use.
- Brand image is affected by too many sales promotion activities. Consumers are of opinion that due to the lack of popularity and overstocking of products of a company, these sales promotional activities are conducted.
- There is a feeling in the minds of the customers that sales promotional activity tools are used to sell inadequate or second grade products.

Important techniques of sales promotion are as follows:

(1) Rebate

Under it in order to clear the excess stock, products are offered at some reduced price. For example, giving a rebate by a car manufacturer to the tune of 12,000/- for a limited period of time.

(2) Discount

Under this method, the customers are offered products on less than the listed price. For example, giving a discount of 30% on the sale of Liberty Shoes. Similarly giving a discount of 50% + 40% by the KOUTONS.

(3) Refunds

Under this method, some part of the price of an article is refunded to the customer on showing proof of purchase. For example, refunding an amount of 5/- on showing the empty packet of the product priced 100/-.

(4) Product Combination

Under this method, along with the main product some other product is offered to the customer as a gift. The following are some of the examples:

(5) Quantity Gift

Under this method, some extra quantity of the main product is passed on as a gift to the customers. For example, 25% extra toothpaste in a packet of 200 gm tooth paste. Similarly, a free gift of one RICH LOOK shirt on the purchase of two shirts.

(6) Instant Draw and Assigned Gift

Under this method, a customer is asked to scratch a card on the purchase of a product and the name of the product is inscribed thereupon which is immediately offered to the customer as a gift. For example, on buying a car when the card is scratched such gifts are offered – TV, Refrigerator, Computer, Mixer, Dinner Set, Wristwatch, T-shirt, Iron Press, etc.

(7) Lucky Draw

Under this method, the customers of a particular product are offered gifts on a fixed date and the winners are decided by the draw of lots. While purchasing the product, the customers are given a coupon with a specific number printed on it.

On the basis of this number alone the buyer claims to have won the gift. For example, 'Buy a bathing soap and get a gold coin' offer can be used under this method.

(8) Usable Benefits

Under this method, coupons are distributed among the consumers on behalf of the producer. Coupon is a kind of certificate telling that the product mentioned therein can be obtained at special discount.

It means that if a customer has a coupon of some product he will get the discount mentioned therein whenever he buys it. Possession of a coupon motivates the consumer to buy the product, even when he has no need of it.

Such coupons are published in newspapers and magazines. Some companies distribute coupons among its shareholders. Sellers collect the coupons from the customers and get the payment from the company that issues the same.

(9) Full Finance @ 0%

Under this method, the product is sold and money received in installment at 0% rate of interest. The seller determines the number of installments in which the price of the product will be recovered from the customer. No interest is charged on these installments.

(10) Samples or Sampling

Under this method, the producer distributes free samples of his product among the consumers. Sales representatives distribute these samples from door-to-door.

This method is used mostly in case of products of daily-use, e.g., Washing Powder, Tea, Toothpaste, etc. Thus, the consumers willy-nilly make use of free sample. If it satisfies them, they buy it and in this way sales are increased.

(11) Contests

Some producers organise contests with a view to popularizing their products. Consumers taking part in the contest are asked to answer some very simple questions on a form and forward the same to the company. The blank form is made available to that consumer who buys the product first.

Result is declared on the basis of all the forms received by a particular date. Attractive prizes are given to the winners of the contest. Such contests can be organised in different ways.

METHODS OF SALES PROMOTIONS

There are four methods involved in sales promotions

- Consumer sales promotions
- Trade sales promotions
- Business to business promotions
- Sales persons promotions

Consumer Sales Promotions (CSP)

sales promotion as "those marketing activities other than selling, advertising and publicity, that stimulate consumer purchasing and dealer effectiveness". In this section we are going to discuss promotional activities aimed at the final consumer. These activities rely on what is known as a "pull strategy"- that is they depend on the consumer to literally pull the product through the distribution channels. Before looking at the tools and techniques of (CSP) let us look at some of its specific goals:

a) Encourage trial: Most new products fail because too few people try the product or because trial does not lead to repeat purchase. Especially when the concept is new, most people are hesitant to take risks. Sales promotion directed at the consumer offers a reason for trying the new offering.

b) Encourage brand loyalty: It is not enough to persuade consumers to try your product. The real challenge lies in getting them to stay with your

brand. As we saw with the subscription wars competitors are always ready to come up with counter offers to woo away your customers.

c) Increase product usage: (CSP) could also aim to persuade customers to buy a product in larger quantities.

d) Encourage consumption of other products in your line: when marketer's product portfolio consists of several related products, (CSP) may aim to create demand for more than one product.

e) Reinforce advertising efforts: (CSP) could help to emphasize product benefits highlighted in the advertising.

Once you have decided what you want the (CSP) to achieve, a technique has to be chosen. A single technique, or a combination of techniques may be used. The various tools/techniques involved in the (CSP) are:

Sampling: This consists in offering a small quantity of the product free, or at a very low cost, in order to encourage trial. It is most commonly used by large firms which produce packaged foods, health and beauty items. Hindustan Lever's and P&G samples for their detergent brands. Samples may be distributed door-to-door, through the mail, with magazines and newspapers in the store, or anywhere where your audience is likely to be. A sample can stimulate a higher rate of trial than any other promotional efforts. Sampling is however a costly way of introducing or encouraging trial of a new product. Sampling will only be successful only if trial translates into repurchase.

Couponing: A coupon is a certificate good for a specific price reduction, on a particular product, for a specific time period. It is a medium by which the manufacturer offers a consumer a price deal. If redeemed at a retail store, the coupon is used by the retailer and the wholesaler to gain reimbursement from the manufacturer. Coupons are most commonly used by manufacturers of packaged foods. Coupons can help a new product to be launched, build market share.

Money-back offer: In this case the marketer offers to return a certain amount of money to the consumer if he is not satisfied with the product. This may take the form of a full or partial refund, after the product is returned. Money-back offers help to reduce the risk involved in trying new products. They also help to reward existing customers, encourage multiple purchases, and persuade consumers to buy now rather than later. The disadvantage with this technique is that refunds are not available on the spot. Consumers are normally reluctant to go through the process of filling out refund forms, sending them in and waiting for cash back.

Price incentives: This is the use of a short term reduction in price to stimulate demand for an established product whose sales is declining. Such price incentives may take the form of price promotions or price packs. A price promotion is a short term reduction that is available to everyone who buys the product during the promotional period.

While some price promotions decrease the selling price by a specific amount (Rs 100 or Rs 500 off, depending on the product), others reduce it by a certain percentage (20% or 50% off). Price packs are generally more effective than price promotions. A price pack normally includes something extra with the regular product package. One type of price pack is the "bonus pack" which offers more of the product at the regular price. A second type of price pack is the "banded pack". Here two or more units of a product are sold together at a lower price than if purchased separately. The "buy one get one free" offers are examples of banded packs.

Premiums: A premium is the offer of some type of mechandise or service either free or at a greatly reduced price to induce purchase of another product or service. The specific purpose of a premium is to induce present consumers to increase their use of brands or to purchase it in larger sized packets. It can also help to switch consumers from their present brand to that of the promoters brand in order to gain trial use, with hopes of repurchase. Premiums may be distributed in a no of ways:

By enclosing it in a product package known as a "in-pack"premium.

By attaching it onto the package known as a "on pack" premium.

By giving it away at the point of purchase, known as a "shop or store" premium.

By offering it as a container holding a product, called a "container" premium.

By distributing it through mail in return for proof of purchase known as a "mall premium".

Premiums may be classified In terms of whether they are offered free or at a reduced price. Premiums offered at reduced price are known as " self liquidating" premiums. The purpose of such a premium is to cover the manufacturers out of pocket costs. Premiums are also an expensive technique and unless tremendous volumes are generated no company can afford to do this.

Contests and sweepstakes: A contest is a promotion based purely on the participants skills and abilities. It requires that the participants apply a skill in creating an idea, a concept or an end product contests are usually based on coining a name or a slogan for a new or existing product or answer a question related to a product. A sweepstake on the other hand is purely based on chance. Each participant has an equal chance of winning a prize from an extensive and expensive list of rewards lucky draws and lottery's are examples of this. Both contests and sweepstakes are powerful sales promotions devices as they have the ability to involve the customer and build excitement around the product. The disadvantage with these techniques is that it is difficult to test them in a limited market before using them on a national basis.

Frequency programmes: As the name suggests the purpose of such a promotion is to increase frequency of purchase. This is usually an on- going promotion used commonly by service industries. The"frequent flyer" programme offered by the airlines is the best example of this. The advantage of such a programme is that they build a long term brand loyalty with the customer.

Point of purchase displays: Attractive displays of a product can trigger purchases even if the purchase was not originally planned. Point of purchase display materials such as special merchandise racks, banners and danglers etc. can be used to effect, to encourage consumers to try new products, switch brands or make unplanned purchases.

Joint sales promotion: Consumer sales promotions need not always be for a single advertisers product. Often two or more marketers join together and offer a combined promotion. The biggest advantage with this type of promotion is that the sharing of work load and expenses. The disadvantage is that the loss of control over creative, media and budget elements.

Trade Sales Promotions (TSP)

CSP contributes only partially to the success of a product. Much also depends on the willingness of wholesalers and retailers to carry and sell the product. This is particularly important today when power has shifted from the marketer to the retailer. A few years ago, companies with huge advertising budgets and extensive distribution networks could use their marketing muscle to move products onto retail shelves. Today retailers command terms and demand incentives from the manufacturer for giving preference to his products. Some specific objectives of TSPS are:

- Encourage stock of new products.
- Raise or lower inventory levels of an existing product.
- Provide an incentive to sell a product.
- Encourage more prominent and attractive display of a product. Offer support and training for distributors and the sales force. Strengthen relations with the trade.

Either one or a combination of tools/techniques may be used to achieve the above goals:

Trade deals: This is a short term arrangement whereby the wholesaler and the retailer agrees to give a manufacturers product a special promotional effort. The deal could take the form of product discounts, cash payments or additional discounts offered by the manufacturer.

Buying allowance: this could take the form of cash payment, a product discount or additional goods offered to a distributor to encourage him to carry a new item that he may not ordinarily buy or to encourage purchase of a certain quantity of an existing product during a certain period. It is a push strategy.

Display allowance: this is a cash payment given in a form of a fee or a discount in exchange of a desirable shelf, location or space for a point of purchase display. It is generally given to support an established product.

Slotting allowance: this is a technique generally used to promote new products. It also involves a cash payment or a fee given to the retailer in exchange for a slot or position on a shop shelf.

Sales support: both dealers and the sales force need to be equipped with some basic selling tools in order to push the product. Sales support could take the form of training programmes, seminars, product demonstrations and distribution of materials such as brochures, videotapes and slides that show detailed product information. Prepared by the advertiser for dealer or salespersons use these materials could be presented to prospects during sales calls at (POP) or at trade shows.

Yellow pages advertising: this form of advertising is much more common in the U.S. than in India. An ad in the yellow pages of a directory creates awareness regarding availability of your product. Once a prospect has seen an ad or a commercial for your product he tends to check the yellow pages to see where he can buy it.

Specialty advertising: This another way of advertising in non-traditional media. Pens, calendars, diaries are all examples of specialty advertising. In contrast to premiums which are given only when purchasing a product, specialty items are offered free of charge without having to purchase something. Their purpose is to create goodwill.

BUSINESS TO BUSINESS (B2B)

Business to business is also an important method of sales promotions. But they are used for industrial products and not much for consumer products. Therefore their sales promotions techniques may also differ from that of consumer products. For example a company needs spare parts as a major input or raw material then it will have an auction where different suppliers will come and the supplier that bids the lowest price will be chosen. Now suppose the company wants 1,00,000 spare parts then it will go for economies of scale and try and purchase say about 80,000 spare parts from that particular supplier with some sort of concession.

SALES PERSON'S PROMOTIONS

The following promotion aids are used for sales force promotions:

a) Sales meetings: producers often organize annual meetings for the sales force for giving them necessary information about any new product to be introduced, new sales plans and techniques and the new sales programme of the producers.

b) Contest: sales contest for the salesman are organized from time to time by the producers. They are awarded with cash prizes and other benefits on the basis of highest sales, minimizing field expenses etc.

c) Sales literature and letters: salesmen are provided with various printed literatures, such as sales manuals, folders, price lists, designs and directories of customers etc. it is extremely helpful to them un their contacts with customers.

d) Product demonstration kits and visual sales aids: salesmen are often provided with sales kits, containing the models of industrial and technical products.

e) Premiums bonus and gifts: premiums are given for achieving prescribed sales quotes. Bonus is paid to salesmen from the portion of profits of the firm every year to motivate him for better efforts. Gifts are also given on special occasions such as Diwali, Holi etc.

ADVERTISING

Meaning:

The word advertising is derived from two Latin words Ad and Verto. Ad means towards and Verto means 1 turn. It means to turn the people's attention to a specific thing.

Advertising is nothing but a paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor with a view to disseminate information concerning an idea, product or service. The message which is presented or disseminated is called advertisement. In the present day marketing activities hardly is there any business in the modern world which does not advertise. However, the form of advertisement differs from business to business.

Definition:

According to Stanton, "Advertising consists of all the activities involved in presenting to a group of non-personal, oral and visual, openly sponsored message regarding a product, service or idea. This message called air advertisements is disseminated through one or more media and is paid for the identified sponsor."

Advertisement has been defined differently by different persons. A few definitions are being reproduced below:

According to Wood, "Advertising is causing to know to remember, to do."

According to Wheeler, "Advertising is any form of paid non-personal presentation of ideas, goods or services for the purpose of inducting people to buy."

According to Richard Buskirk, "Advertising is a paid form of non-personal presentation of ideas, goods or services by an identified sponsor."

According to William J. Stanton, "Advertising consists of all the activities involves in presenting to a group, a non-personal, oral or visual, openly sponsored message regarding disseminated through one or more media and is paid for by an identified sponsor."

The above definitions clearly reveal the nature of advertisement. This is a powerful element of the promotion mix. Essentially advertising means spreading of information about the characteristics of the product to the prospective customers with a view to sell the product or increase the sale volume.

The main features of advertise are as under:

- It is directed towards increasing the sales of business.
- Advertising is a paid form of publicity
- It is non-personal. They are directed at a mass audience and nor at the individual as is in the case of personal selling.
- Advertisements are identifiable with their sponsor of originator which is not always the case with publicity or propaganda.

Functions of Advertising

The purpose of advertising is nothing but to sell something -a product, a service or an idea. The real objective of advertising is effective communication between producers and consumers. The following are the main objectives of advertising:

Preparing Ground for New Product

New product needs introduction because potential customers have never used such product earlier and the advertisement prepares a ground for that new product.

Creation of Demand

The main objective of the advertisement is to create a favorable climate for maintaining of improving sales. Customers are to be reminded about the product and the brand. It may induce new customers to buy the product by informing them its qualities since it is possible that some of the customers may change their brands.

Facing the Competition

Another important objective of the advertisement is to face to competition. Under competitive conditions, advertisement helps to build up brand image and brand loyalty and when customers have developed brand loyalty, becomes difficult for the middlemen to change it.

Creating or Enhancing Goodwill: Large scale advertising is often undertaken with the objective of creating or enhancing the goodwill of the advertising company. This, in turn, increases the market receptiveness of the company's product and helps the salesmen to win customers easily.

Informing the Changes to the Customers

Whenever changes are made in the prices, channels of distribution or in the product by way of any improvement in quality, size, weight, brand, packing, etc., they must be informed to the public by the producer through advertisement.

Neutralizing Competitor's Advertising

Advertising is unavoidable to complete with or neutralize competitor's advertising. When competitors are adopting intensive advertising as their promotional strategy, it is reasonable to follow similar practices to neutralize their effects. In such cases, it is essential for the manufacturer to create a different image of his product.

Barring New Entrants

From the advertiser's point of view, a strongly built image through long advertising helps to keep new entrants away. The advertisement builds up a certain monopoly are for the product in which new entrants find it difficult to enter.

In short, advertising aims at benefiting the producer, educating the consumer and supplementing the salesmen. Above all it is a link between the producer and the consumer.

Benefits or Importance of Advertisement

Advertising broadens the knowledge of the consumers. With the aid of advertising, consumers find and buy necessary products without much waste of time. This speeds up the sales of commodities, increases the efficiency of labor in distribution, and diminishes the costs of selling. It is an accepted fact that without market stimulus of heavy advertising, consumers might have waited another sixty years for the product evaluation that took place in less than ten years - it took after all over sixty years from the invention of the safety razor before the first acceptable stainless steel blades appeared in the market. These words are more than enough to testify the potentialities of advertising in the field of modern marketing system. The main benefits of advertising may be narrated as follows:

Benefits to Manufacturers

- It increases sales volume by creating attraction towards the product.
- It helps easy introduction of new products into the markets by the same manufacturer.
- It helps to create an image and reputation not only of the products but also of the producer or advertiser. In this way, it creates goodwill for the manufacturer.
- Retail price, maintenance is also possible by advertising where price appeal is the promotional strategy.
- It helps to establish a direct contact between manufacturers and consumers.
- It leads to smoothen the demand of the product. It saves the product from seasonal fluctuations by discovering new and new usage of the product.
- It creates a highly responsive market and thereby quickens the turnover that results in lower inventory.

- Selling cost per unit is reduced because of increased sale volume. Consequently, product overheads are also reduced due to mass production and sale.
- Advertising gives the employees a feeling of pride in their jobs and to be in the service of such a concern of repute. It, thus inspires the executives and worker to improve their efficiency.
- Advertising is necessary to meet the competition in the market and to survive.

Benefits to Wholesalers and Retailers

- Easy sale of the products is possible since consumers are aware of the product and its quality.
- It increases the rate of the turn-over of the stock because demand is already created by advertisement.
- It supplements the selling activities.
- The reputation created is shared by the wholesalers and retailers alike because they need not spend anything for the advertising of already a well advertised product.
- It ensures more economical selling because selling overheads are reduced.
- It enables them to have product information.

Benefits to Consumers

- Advertising stresses quality and very often prices. This forms an indirect guarantee to the consumers of the quality and price. Further large scale production assumed by advertising enables the seller to seller product at a lower cost.
- Advertising helps in eliminating the middlemen by establishing direct contacts between producers and consumers. It results in cheaper goods.

- It helps them to know where and when the products are available. This reduces their shopping time.
- It provides an opportunity to the customers to compare the merits and demerits of various substitute products.
- This is perhaps the only medium through which consumers could know the varied and new uses of the product.
- Modern advertisements are highly informative.

Benefits to Salesmen

- Salesmanship is incomplete without advertising. Advertising serves as the forerunner of a salesman in the distribution of goods. Sales is benefited the advertisement in following ways:
- Introducing the product becomes quite easy and convenient because manufacturer has already advertised the goods informing the consumers about the product and its quality.
- Advertising prepares necessary ground for a salesman to begin his work effectively. Hence sales efforts are reduced.
- The contact established with the customer by a salesman is made permanent through effective advertising because a customer is assumed of the quality and price of the product.
- The salesman can weigh the effectiveness of advertising when he makes direct contact with the consumers.

Benefits to Community or Society

- Advertising, in general, is educative in nature. In the words of the late President Roosevelt of the U.S.A., "Advertising brings to the greatest number of people actual knowledge concerning useful things: it is essentially a form of education and the progress of civilization depends on education."

- Advertising leads to a large-scale production creating more employment opportunities to the public in various jobs directly or indirectly.
- It initiates a process of creating more wants and their satisfaction higher standard of living. For example, advertising has made more popular and universal the uses of such inventions as the automobiles, radios, and various household appliances.
- Newspapers would not have become so popular and so cheap if there had been no advertisements. The cheap production of newspapers is possible only through the publication of advertisements in them. It sustains the press.
- It assures employment opportunities for the professional men and artist.
- Advertising does provide a glimpse of a country's way of life. It is, in fact, a running commentary on the way of living and the behavior of the people and is also an indicator of some of the future in this regard.

- **Objectives of Advertising**

Advertising is a technique of influencing the mind of public to buy the goods advertised. Some writers say, "it is a printed Salesmanship by which the goods are made popular." Anyhow it is an effective and economical way of establishing contract with customers. It greatly helps to change social attitudes in order to sell products never sold before. So it is a powerful art of persuading customers to ask for particular goods. In fact advertising is to business what oil is to machinery.

- **To provide information**

Detail information is given to prospective buyers in respect of particular product or service through advertising.

- **To Remind the public**

Advertisement reminds the public about the existence of products in the market. It is a continuous process of persuading the prospective customers which the by results in purchase of goods.

- **To change social attitude**

Attempts are made to change the social attitude by advertising in order to sell products never sold before. So it facilitates to create market attitude in a public.

- **To induce the public**

It aims to induce the public to purchase advertised products as against competing products.

- **To convince customers for direct purchase**

Mail order business may be made popular by advertising. Under this arrangement, the buyers get goods through the post office. No personal contact is made between the buyers and sellers. So it convinces customers for direct purchase.

- **To encourage salesman**

Salesman generally finds ready buyers at his business centre which are convinced by advertising. So it assists the Salesman greatly and he has not to face any problem in realizing the goods.

Medias of advertising

1. Newspapers:
    - Merits
    - Demerits
2. Magazines:

- Merits
- Demerits

3. Trade journals:

- Merits
- Demerits

4. Trade journals and magazines:

Trade journals are one among magazine. Their target customers are very specified like industrial and finance people etc. it is concentrated to a particular group of professional groups, trades or business persons.

Ex: Indian trade journals.

5. Outdoor advertising:

This is mainly for the attention of the people at busy roads and markets.

* Posters or manual advertising
* Design of poster
* Selection of sites:
  - advantages
  - disadvantages
* Boards
* Banners
* Neon signs

6. Sky advertisements:

This is important in advertising. Sky writing is the kind of publicity where message is spread in the sky in one form or the other.

Ex: Smoke writing, kite writing, deep sheela, Raymond's

7. Sandwich men:
    - Merits
    - Demerits
8. Direct advertising
9. Sales letter
10. Booklets
11. Catalogues
    - Folders
    - House organs
12. Broadcasting media
    - Merits
    - Demerits
13. Radio advertising
14. Cinema and theatre advertising
15. Other forms
    - Exhibition
    - Trade fair
    - Transportation advertising
        - Inside transit.
        - Outside transit.

Sandwich men

The advertisers hire sandwich men. They move down through busy roads and streets. They dress in peculiar way with fancy clothes. They create certain type of musical sound and they carry posters of the products for advertisement.

PERSONAL SELLING PROCESS:

Personal selling – meaning:

Personal selling is a highly distinctive form of communication. Like other forms, it is basically communication, but unlike others, it is two way rather than one way communication. Personal selling involves social behaviour of both the seller and the prospect influencing each other.

Definition:

According to Philip Kotler, "Personal selling involves oral presentation in a conversation with one or more prospective purchases for the purpose of making sales."

Steps in personal selling:

1. **Personal confrontation:**

Two or more persons come into contact into active relation and each and every party is able to observe at close quarters, the characteristics and need of the other and make immediate adjustments and thereby make the encounter successful.

2. **Cultivation:**

Personal selling may lead to all kinds of relationships ranging from a matter of fact selling relationship to a deep personal friendship.

3. **Response:**

Personal selling usually makes the prospect to fell a sort of peculiar obligation for having listened to its sales talk.

Objectives of personal selling:

Personal selling has both long term and short term objectives. The long term objectives are broad and general. The short term objectives are specific and relate to the roles which the management assigns as part of both promotional programme and overall marketing strategy. According to Cundiff and Still, "the objectives can be classified into two kinds viz.,

1. Qualitative objectives:

Qualitative objectives can be long run objectives and depend largely upon overall long term objective of the firm and promotional mix such objectives change very little over a period of time. The important qualitative objectives are:

- To do the entire selling job.
- To serve the existing customers in such a way to maintain communication with the present customers, take orders etc.
- To search out and obtain new customers.
- To secure and maintain customer's co-operation in stocking and promoting the product line.
- To keep the customers informed about the changes in the product line and other aspects of marketing strategy.

2. Quantitative objectives:

In addition to those qualitative objectives, certain quantitative objectives are generally assigned to personal selling. They are:

- To obtain a specified sales volume.
- To obtain sales volume in such a way that contributes to profit objectives.

- To keep personal selling expenses within the specified limits.
- To secure and retain a specified share of the market.

Difference between personal selling, advertising and sales promotion:

- Personal selling and advertising are recurring in nature whereas sales promotion is non-recurring in nature.
- In case of sales promotion, the firm has to depend on external agencies, while personal selling and sales promotion are activities organized by the firm itself.
- Personal selling and advertising have become inevitable nowadays while it is not so in the case of sales promotion. Sales promotional activities involve huge expenditure than the other two. Only well established firms can practice this techniques.

Factors to be considered while taking decision as to personal selling:

- **Number of potential buyers:**

  Personal selling is suitable when the number of potential buyers for a product is relatively low. On the other hand, of the number of potential buyers is large, personal selling is not possible.

- **Concentration of potential buyers:**

  Personal selling is much easier if the number of buyers is highly concentrated in one geographical area rather than dispersed over a wider area.

- **Size of the order obtained:**

The average size of the order is another important factor in determining the economic feasibility of personal selling. If the chances for procuring a large order are possible, personal selling shall be feasible.

- **Heterogeneity:**

Personal selling is far more advisable in case of products that are produced according to individual specifications. But a standardized products personal selling is not necessary at all times.

- **Need for demonstration:**

Where is necessary to convince the potential buyers of products merits, personal selling is almost compulsory.

- **Recognition of the need:**

The need for personal selling arises only when the prospects does not recognize the need for the article. If there is already a recognized need for a product, personal selling has no role to play.

- **Buyer's resistance:**

The buyers are reluctant to buy certain products, particularly the consumer's resistance is more in case of luxury goods or high price quality goods.

- **Need for service:**

In some cases, considerable work must be done with the consumer before selling a product and certain items are frequently serviced after sales. In such a situation, personal selling is necessary.

Distribution Channels

Meaning

The term distribution collectively refers to all the acts or services rendered by various agencies. It consists of operation or services of operation which physically brings the goods from the producer into the hands of the final user.

The word channel is derived from the French word 'channel'. The channel of distribution refers to the pathway taken by the goods as they flow from the point of production to the point of consumption.

Definition

According to the American marketing association," A channel of distribution or marketing channel is the structure of intra-company organization units and extra company agents and dealers, wholesalers and retailers through which a commodity products or service is marketed."

Importance of channel of distribution

A channel of distribution for a product is the route taken by the little to goods as they move from the producer to the ultimate consumer or industrial uses. It brings maximum profit to all. The channels of distribution are very important to the producer and the consumer. There is a big gap between the producer and the consumer and gap is shunked by the channel of distribution.

The middlemen in the channel of distribution collects the outputs of various products, subdivides the products according to the needs of the consumers and gathers this in the assortment wanted and dispenses this assortment to consumers or industrial buyers. The middlemen are specialists in concentration, equalization and dispersions. They create time, place, form and possession utilities.

Types of channel of distribution

1. Manufacturer-consumer:

This is the direct channel. Products are transferred directly to consumers. It is the shortest and simplest channel. This channel is adopted by the producers of perishable goods, producers of fashion goods who wants to sell the products before the fashion disappears, when the plant is located near the customers, when the new products are introduced into the market for aggressive sales etc. The main drawback of this direct channel is:

- It is uneconomical to have direct contact with the customers, who are countless and scattered all over.
- It is not possible for a direct contact with multi millions of potential customers for the products.

For direct selling the methods adopted by the producers are opening sales counter at manufacturer plant, door sales, sales by mail order method, sales by opening own shops, sales through mechanical devices.

2. Manufacturer-retailer-consumer:

In the channel there is an intermediary retailer. A manufacturer sells goods to consumers through these retailers. There is a gap between the manufacturers and the consumer. This method is adopted when the buyers are large, for perishable goods that need speed in distribution. In this channel, wholesalers are ignored and the manufacturers render the functions of wholesalers.

Generally automobile appliances, clothing's, shoes are sold directly to retailers. Bata India Limited uses this channel.

3. Manufacturer-wholesaler-retailer-consumer

Wholesalers and retailers are the two types of intermediary in this channel. A manufacturer channels his products of consumers through these intermediaries. The gap between the manufacturers and the consumers is widened due to these intermediaries.

4. Manufacturer-agent middlemen-wholesaler-retailer-consumer

Agent middlemen, wholesalers, retailers are the three types of intermediaries in this channel. The gap between the manufacturers and the consumer is very great. In this channel, the manufacturers use the services of the agent middlemen for the disposal of goods. The agent distributes the goods to the wholesalers who sells the goods to retailers and who in turn sells the goods to the consumers.

Factors affecting choice of Distribution

1. Market consideration:

- **Nature of the market:** This is one of the important factors in market consideration. Consideration takes place about the product which is meant for customers or the industrial buyer. Long channel will have to be employed if the product is meant for consumer market and industrial market.

- **The number of potential consumers:** There is the need for a number of middlemen service if the number of potential customers is large. If the number of potential customers is small direct selling is suggestible.

- **Geographic concentration of the market:** Direct selling is effective if the customers are concentrated new places. If they are situated over the whole country, then a large number of middlemen will have to be employed.

- **Order size:** If the sales volume is large, direct selling is suitable. Industrial distributors sell industrial operating supplies.

2. Product consideration

- **Unit sales value of the product:** when the unit value of a product is high direct channel is effective on the other hand, when the unit value is low the direct channel is ineffective. If the product is of low value, large and cheaper channel will be better. Short and costly channel may be used of the products is of high value.

- **Bulk and weight:** to minimize the freight, heavy or bulky goods may be sent by train or truck.

- **Perishable nature:** perishable products such as mild, dairy products bread, meat etc. are sent by shorter channel or direct channel. While channel is used for non perishable products.

- **Technically:** the technical nature of the product requires services. Hence sales and servicemen are needed to explain the use of the product to the customers. For products like computers, business machines etc, direct channel is more advantage

- **Seasonal:** sales of the product are subject to seasonal variation, for example, woolen clothes etc, hence to sell these seasonal products intermediaries are needed/. Direct selling is ineffective.

3. Company consideration

- **Financial strength:** financially sound companies re in a better position to select and design their distribution channel. As such direct channel is adopted on the other hand, finally weak companies have to select indirect cannel, as they depend on the intermediaries.

- **Reputation:** it has been said that reputation travels faster than man. There are many companies, which have good reputation because of the product preference by the customers. Many intermediaries are eager to have connection with such companies.

- **Market control:** when a firm wants to exercise control over the price, the way in which customers are served etc, direct channel is suggested.

4. Middlemen consideration

The middlemen, who is able to offer a good facility of storage may considered. The channel which facilities maximum sales must be preferred. The cost of each attractive channel may be estimated on he basis of channel may be estimated on the basis of unit sale. The best type of channel which gives and low unit cost of marketing may be considered.

5. Consumer consideration

The characteristics of buyers as to their number, location, frequency of the p8urchase, quantities brought by them etc influence the channel selection. If the customers are scattered geographically, a long channel can be adopted consumers may wish to have the product at a convenient place for example daily consumption items like milk, paper, bread etc, consumers may like to have them at the door. The channel adopted must facilitate the commodities produced to be available to the consumers in time.

Distribution of consumer goods

The channels available for the distribution of consumer goods are:

1. producer-consumer
2. producer-retailer-consumer
3. Producer-wholesaler-retailer-consumer.
4. producer-agent -retailer-consumer
5. Producer-agent-wholesaler-retailer-consumer.

Physical distribution:

Definition

Physical distribution is the group of activities associated with the supply of finished product from the production line to the consumers. The physical distribution considers many sales distribution channels such as wholesale and retail, and includes critical decision areas which include customer service, inventory, materials, packaging, order processing, and transportation and logistics.

Meaning

Physical distribution includes all the activities associated with the supply of finished product at every step, from the production line to the consumers. Important physical distribution functions include customer service; order processing, inventory control, transportation and logistics, and packaging and materials

Objectives:

The objective of physical distribution is to deliver the right goods to the right customer at the light time and place. In a sense, marketing policy must be to put the product with in an arms length of desire or demand.

Types of distribution functions:

Marketing represents two different but closely interrelated distribution functions.

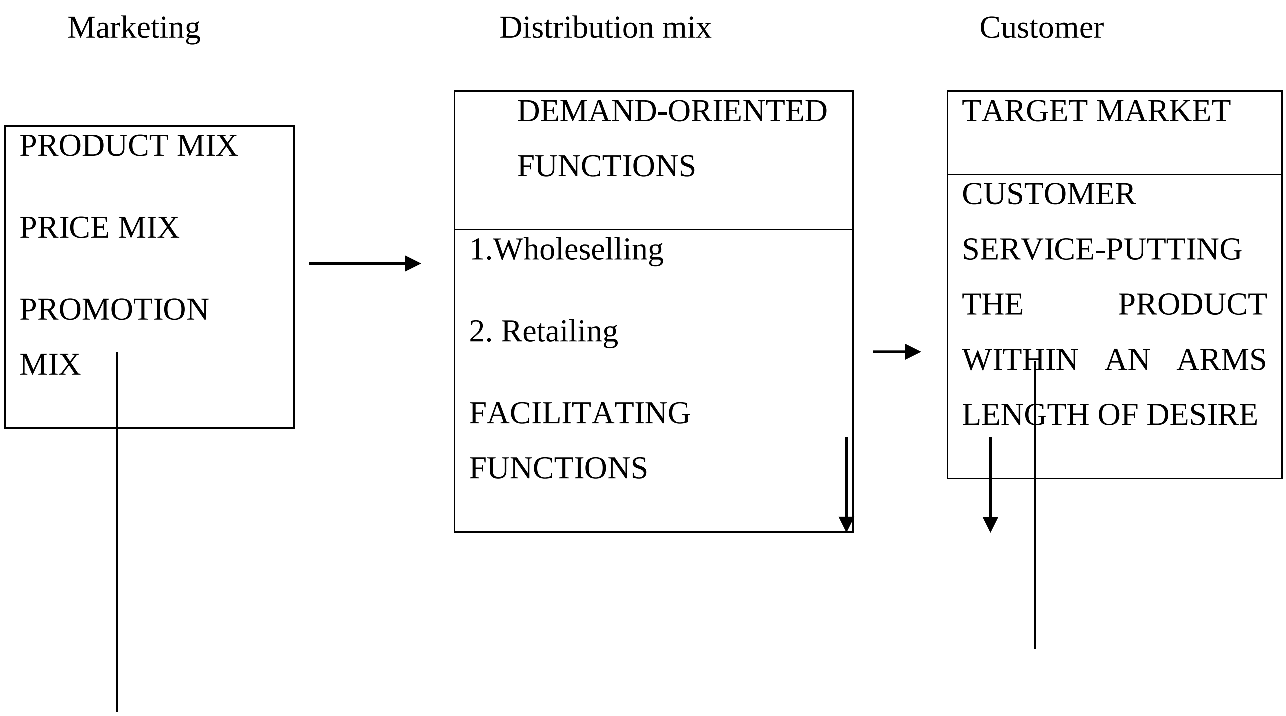
1. Demand-oriented functions:

These are concerned with the search for and stimulation of consumer demand. The channel of distribution, viz wholesalers, retailers and all types of mercantile agents, perform these demand-oriented functions.

2. Supply oriented functions:

These are concerned with physical product flow. These activities revolve around the nation of movements and they represent physical distribution as a planned movement (physical flow) of products from the supplier to the firm and from the firm to the dealers or resellers economically, quickly and efficiently.

Demand-oriented marketing functions (relating to the search for and stimulation of buyers) are quite visible to the consumers. They constitute the visible one-half marketing. Supply oriented marketing activities (relating to physical distribution) are not quite visible to average consumers. They constitute the other half of the marketing. However this other half of marketing is really responsible in the offering of customers service and benefits we must recognize the importance of physical distribution in adding time, place and possession utilities to the product and delivering higher level of customer satisfaction at relatively lower cost.



SUPPLY ORIENTED

1. ORDER PROCESSING
2. WAREHOUSING(FIELD)
3. INVENTORY CONTROL

TRANSPORTATION

5. PROTECTIVE

G

6. IN PLANT

ING

Note:

1. Demand oriented functions represent the primary operations of marketing channels.

2. Supply-oriented functions represent the area of physical distribution in change of all channel members.

3. Customer service means several things:

- The speed of order execution and delivery of goods.
- Safe delivery with minimum damages and losses.
- Quick replacement of damaged goods.
- Prompt service after sale.
- Reasonable service charges if any.
-

Distribution covers two problem areas:

- Channel management representing demand-oriented marketing operations.
- Physical distribution management (product flow management) representing supply-oriented marketing operations. i.e., all activities involved in physically moving and

storing the products in the process of marketing. In marketing parlance, it is called logistics.

What is physical distribution?

Physical distribution involves management (planning, action and control) of the physical flows of points of origin. To the points of use/consumption to meet the customer needs at a profit. It covers all activities in the flow of goods between produces and customer.

Components of physical distribution:-

- distribution planning and accounting
- in bond transport
- receiving
- inventory management
- in plant warehousing
- order processing
- packaging/repackaging where applicable,
- dispatch of goods
- outbound transport
- field warehousing
- customer service
- communication

Importance of physical distribution management

Planned and integrated management of physical distribution has assumed unique importance in marketing management since, 1970, as it can offer a feasible solution striking an optimal balance between physical distribution costs inputs and the customer service level output that will be satisfactory to the customer and profitable to the seller. A customer goes top performance to reliable and punctual delivery of goods and expects minimum time interval between the date of placing an order and the date of receipt of goods. Besides this time interval should be stable.

Ever increasing cost: the costs of transporting by all carriers, costs of warehousing, materials handling, inventories and order processing have seen substantially all over the world due to continuous inflationary conditions. At the same time, customers have been demanding higher, and thus costlier, levels of physical distribution service.

Average division of physical distribution costs in large-enterprises indicates:1.44% transports costs, 2.20% warehousing and handling costs, 3.18% inventory carrying costs, 4.18% order processing order costs.

Cost reductions could be successfully made not only in production activities but also in many areas of marketing with the help of scientific management, rationalization and marketing research. Marketers how feed that physical distribution should be the raw major (perhaps the cost) frontiers for cost minimization without of course, adversely affecting customer satisfaction. The elements constituting customer service are now given greater emphasis.

- Broader scope of marketing: Physical distribution system is now recognized as an integral part of marketing. Hence, the marketing concept must apply to the management of physical distribution. Physical distribution. revolving around customer needs can add the utility or want satisfying power, viz., the availability of products at the right place and time, and at the lowest possible cost. Physical distribution is not only cost, it should be regarded as one of the tools in competitive marketing. A marketer can attract additional customer and maintain existing customers by offering better and dependable service or lower prices with fair service through improvements in the physical distribution package. Marketers have to evolve and appropriate physical distribution process which will fulfill the objective of adequate customer satisfaction. The marketing function of warehousing, inventory control, transport protective packaging, physical handling, order processing, etc are how managed and integrated whole. An effective physical distribution package gibes the customers the service they expect and at the same time it assume profitable sales.

- The sales generating power: Marketing management has realized that there is a definite connection between merchandising programme and service and order processing service).Customers often give more importance to physical distribution their to price and promotion services. Physical distribution is considered by customers, second in importance to product quality as a reason for purchasing from a certain firm. Better physical distribution services give higher overall customer satisfaction. In other words, ;customers buying behaviors hinges on the offer of adequate physical distribution services customer service(the main objective of physical distribution system) can act as a unique selling point to attract business from potential customers. For instance, "second morning rail delivery any where in Maharashtra state, "the prompt availability of installment and repair services and parts from the supplier" "many sales shops close to the points of demand" and so on can generate accelerate sales and profits. Due to the growth of consumerism, customer is now insisting on better services and quality. Integrated physical distribution package can satisfy this pressing demand.
- Rising competitive demand: When some firms through physical distribution management got the benefits of lower costs and higher levels of customer service and thereby could reduce their operating expenses by 10 to 15 percent, many other competing firms were also compelled to adopt scientific management of physical distribution services. Thus, many companies have now started giving more attention to the management of physical distribution operation in an integrated manner.
- Management science: The development of management science or operation research has made possible the integration of physical distribution functions. Physical distribution problems have large number of variables which are readily measurable. Operations research techniques (statistical and mathematical

techniques) can be easily applied to secure solution of physical distribution problem particularly in the location of warehouses, in arriving at the optimum size of inventories, and in determining transport routes and methods. The computer and operations research are now at our disposal to evolve the most appropriate and viable physical distribution packages which can achieve the physical distribution objective of getting the right goods to the right place at the right time for the least total cost.

Function of Physical Distribution Systems

The key functions within the physical distribution system are:

- Customer service
- Order processing
- Inventory control
- Transportation and logistics
- Packaging and materials

Customer Service

The **customer service** function is a strategically designed standard for consumer satisfaction which the business intends to provide its customers. As an example, a customer satisfaction approach for the handbag business mentioned above may be that 75% of all custom handbags are delivered to the customer within 72 hours of ordering. An additional approach might include that 95% of custom handbags be delivered to the customer within 96 hours of purchase. Once these customer service standards are set, the physical distribution system is then designed to attain these goals.

Order Processing

Order processing is designed to take the customer orders and execute the specifics the customer has purchased. The business is concerned with this function because it directly relates to how the customer is serviced and attaining the customer service goals. If the order processing system is efficient, then the business can avoid other costs in other functions, such as transportation or inventory control. For example, if the handbag business has an error in the processing of a customer order, the business has to turn to premium transportation modes such as next day air or overnight to meet the customer service standard set out, which will increase the transportation cost.

Inventory Control

Inventory control is a major role player in the distribution system of a business. Costs consider investment into current inventory, loss of demand for products, and depreciation. There have been inventory control systems implemented such as first in-first out (FIFO) and flow through, which are methods for businesses to handle products.

First in-first out, or FIFO, is a method in which the new products coming into the warehouse replace existing products of the same SKU so that merchandise is cycled and does not expire or become old as more recent production is available. Flow through, on the other hand, is product that does not get processed in the warehouse. It is off loaded from an inbound trailer, pushed across the warehouse and onto outbound trailers for departure without being stored in the warehouse. For example, a handbag business has a direct ship on custom handbags but also controls inventories for retail orders at a warehouse. The production considers what units are on hand and what demand is in the market. For higher demand the products can move into the warehouse and be prioritized on store delivery trucks without being stored in the warehouse (the flow through approach). Another example would be the most recent production being stored into the warehouse and products already available pulled for store delivery, the FIFO approach.

Transportation and Logistics

Transportation and logistics costs are a large component of the marketing budget for a product. The system is what moves the products from the production line to the end consumer. This system includes transportation of over the land, sea, and air and the storage and processing of goods through warehouses and distribution centers. In the case of the handbag business, moving the products - whether they are customer orders or retail supplies - incur some form of transportation and logistics. Moving the handbags from factory to customer of via some other supply chain entity and arranging the transit and storage of the products is a delicate cost component, which has a direct effect on the other functions of the system.

Packaging and Materials

The packaging and materials function includes all of the activities that are related to maneuvering products through the production facility and transportation and logistics terminals. Putting freight on pallets or using bubble wrap or paper to hold the products in place are common approaches to securing the value of the goods. For example, the handbag business might stuff each bag with recycled paper to allow the bag to hold its shape while being packed for transit to the customer or retail store.

Decision areas in physical distribution

Physical distribution process involves coordination and integration of five managerial decisions:

1. Laying down procedure for order procession
2. Maintaining an inventory control system.
3. choosing a warehousing system
4. Determining a material handling system. And
5. Selecting a method of transport.

Sales Management

Sales management is a business discipline which is focused on the practical application of sales techniques and the management of a firm's sales operations. It is an important business function as net sales through the sale of products and services and resulting profit drive most commercial business. These are also typically the goals and performance indicators of sales management.

Sales manager is the typical title of someone whose role is sales management. The role typically involves talent development and leadership.

Sales Manager Roles

- The Sales Manager (Dir, Dist Mgr) decides the hiring and firing of salespeople, with the Sales Executive having the final approval.
- While the Sales Manager (Dir, Dist Mgr) is responsible for territory assignment, it is the Sales Executive who determines the sales quota and commission structure, in accordance with the published Sales Rules.
- The Sales Manager (Dir, Dist Mgr) and each individual Sales Representative must update the sales forecasting system accurately and weekly.
- The Sales Executive and the Sales Manager (Dir, Dist Mgr) need to be very careful when dealing with the commission split of Sales; Sales Representatives are not allowed to attend or negotiate any commission split discussions.

The section “Rules of Conduct” is probably the most important part of Sales Management policy. This section sets the tone for Sales Organization along with the published Sales rules. This part of the policy can be seen as the Standing Military order from command and cannot be wavered from at all. Here is a list of examples can draw from.

- No salesperson is allowed to give or loan any product to any customer, institution, or outside organization without prior approval from the Sales Executive (SVP, VP).
- All Sales territory cannot surpass a radius of 1-hour traveling distance (by airplane).
- All salespeople will follow the same Sales Rules.
- Each salesperson will follow the two-quarter rule, which can only be waived by the Sales Executive (SVP, VP). The Two-quarter rule means that a salesperson has to meet their given quota within two quarters or else face termination.
- When a Sales Rep misses one quarter’s quota, he/she has to make it up in the following quarter; otherwise, he/she will be terminated, but the Sales Executive (SVP, VP) can waive the job termination.
- Sales Associates (Junior Sales) have to stay on their assignment for a minimum 2-year period before they can qualify to be promoted into a regular Sales Representative position.

- The expense report for a salesperson's activities only covers the salesperson's travel, entertainment meals, and cell phone expense. A cap, approved by the Sales Executive (SVP, VP), is imposed on the amount of money that a salesperson can submit in his/her expense report.
- All Sales Expenses Reports must be submitted for processing within a month after expenditure. All expenses that are submitted after the month deadline will not be accepted for reimbursement.

Sales meetings

Sales meetings should be kept to a minimum and be extremely efficient. Sales need to be on the street closing deals rather than being held up in bureaucratic meetings.

- Weekly Sales update meetings will be held by each (Territory, Group, Region, etc) on every Monday morning and run by either the Sales Executive (SVP, VP) or Sales Manager.
- Except for the Annual sales meeting, each (Territory, Group, Region, etc) will hold its own quarterly sales meetings at their own locations.
- All quarterly sales meetings are held during the first month of each quarter. All sales persons are required to attend without exceptions.
- The Annual sales meeting is held on April 3rd through April 6th of each year regardless if it falls on a weekend.

Sales planning

Sales planning involve strategy, setting profit-based sales targets, quotas, sales forecasting, demand management and the writing and execution of a sales plan.

A **sales plan** is a strategic document that outlines the business targets, resources and sales activities. It typically follows the lead of the marketing plan, strategic planning[1] [2] and the business plan with more specific detail on how the objectives can be achieved through the actual sale of products and services.

Recruitment of Sales Staff

The three recruitment tasks used in sales management are

- Job analysis
- Job description and
- Job qualifications

Job analysis is performed to specify the certain tasks that a salesperson would be responsible for on a daily basis. It should identify what activities are deemed as being vital to the success of the company. Any person associated with the sales organization or the human resources department could carry out the analysis as well as an outside specialist (Spiro, pp.134). The person that is responsible for completing a job analysis should have an in-depth comprehension of the daily activities of the salespeople.

This job analysis is then written in an explicit manner as a job description. The general information consists of:

1. Title of job
2. Organizational relationship
3. Types of products and services sold
4. Types of customers called on
5. Duties and responsibilities related to the job
6. Job demands
7. Hiring specifications

An effective job description will identify compensation plans, size of workload, and the salespeople’s duties. It is also primarily responsible for hiring tools such as application forms and psychological tests.

The most difficult part of this process would be the determination of job qualifications. A reason for this difficulty is because hiring affects a company's competitive advantage in the market as well as the amount of revenue. Additionally, there should be a set of hiring attributes that is associated with each sales job that is within a company. If an individual does not excel in their assigned territory, it could be due to external factors relating to that person's environment.

Sales Reporting

The sales reporting includes the key performance indicators of the sales force.

The Key Performance Indicators indicate whether or not the sales process is being operated effectively and achieves the results as set forth in sales planning. It should enable the sales managers to take timely corrective action deviate from projected values. It also allows senior management to evaluate the sales manager.

Sales reporting can provide metrics for sales management compensation. Rewarding the best managers without accurate and reliable sales reports is not objective.

Sales reports are made for internal use for top management. If other divisions' compensation plan depends on final results, it is needed to present results of sales department's work to other departments.

Sales reports are required for investors, partners and government, so the sales management system should have advanced reporting capabilities to satisfy the needs of different stakeholders.

Sales organization structure

A good sales organization is a foundation for effective execution of sales policy and sales programmed. A sales organization must be planned in detail and all activities should be well co-ordinate and integrated to secure united efforts and maximum efficiency. A sales organization is the medium to execute a sales plan.

Sales organization chart:

General sales manager

Assistant sales manager

I
Publicity
Manager

II
Sales personal
Manager

III
Distribution
Manager

IV
Sales office
Manager

Advertising through various media	Merchandising aids (sales promotion)	Storage & packing	Transport	Order correspondence, filling etc.	Sales record statistics.

Education and showrooms	Dealers, promotion, display material special discounts sales contents etc	Consumer promotion district premium offers, contents, coupons, gift scheme etc.

Note

1. Sales organization has look after four main items of market-mix, viz: product price promotion and place (distribution)
2. Sales personnel e.g. all types of salesmen, from the lowest level in the organisation, performing the actual function of selling. They are the backbone of the sales organisation.
3. The modern sales manager recognizes the importance of human values and human relations in sales management. He knows that his salesmen will give best performance only when financial incentives are combined with non-financial incentives, such as praise, approval, social recognition, opportunity for self-advancement and self-expression, regard for personal dignity reasonable security and good working condition. Maximum interest ad production of salesmen depend upon creation of interest in sales work enabling salesmen to secure job satisfaction and thereby morale, better performance.

Importance of sales organization:

The sales manager is responsible for co-ordinating and controlling all the activities of the department with the help of competent executives.

A sales organization is like a power station sending out energy which is devoted to the advertising and selling of particular lines and there is tremendous loss of energy between the power station and points where it reaches the consumers. Therefore there arises the great necessity of planning, organizing and controlling all sales efforts through a sound sales organization to prevent wastage in distribution.

Sales manager must be skilled in planning, organizing, co-ordinating and controlling all sales organization and must assure the optimum contribution of personal selling efforts to the overall marketing objectives of the company.

Needs for sales organization

Sales organisation which bridges the gap between the market and the productive capacity of the firm. As the market changes, the sales function accommodates through adjusting its organisation and manner of operation. Shifts in size bf market operation, market trends, competitive position and other environmental factors may necessitate changes in existing sales organisations. An effective sales organisation usually provides for growth and adaptability to such changes.

You can compare the role of an organisation to that of the skeleton in the human body- provides a framework within which normal functions can take place. However while the skeletal system is uniform for all human, sales organisations vary widely over firms. This is because every enterprise has its own objectives and resources, and corporate plans to achieve those objectives. The structure of the sales organisation reflect this diversity. A part from providing a basic structure to facilitate working, sales organisation has the following basic purposes.

a) Defines lines or authority

Any sound sales organisation defines the relationships between people in the organization in terms of authority responsibility and accountability. It is important to define and identify the flow of authority, indicate where responsibility lies. Specify who is to be held accountable and to whom.

You are already familiar with the concept of line and staff authority. The organization of the sales department should enable the sales personnel to identify whether their authority line, staff or functional.

b) Ensures that all necessary activities are assigned and Performed

The process of organising presupposes identification of necessary activities which have to be performed to achieve tile sales objectives. As companies grow, the tasks and performed within the organisation also multiply. One of the basic purposes of the sales organisation is to ensure that all necessary activities are specifically assigned to personnel, and that procedures are devised to supervise the performance of all these activities.

c) Establishes lines or communication

In the earlier days, because of relative simplicity of the organisation structure and the smaller size of the organisation in most cases, lines of communication were synonymous with lines of authority, with growing complexity in business. Access too much greater volume of information, increasing emphasis on staff assistance, the lines of communication may be more flexible and varied. The flow of information may be both horizontal and vertical. The organisation structure becomes a good aid in identifying the sources of information and recipients of data, and may also tell as who is responsible for generation of information.

d) Provides for coordination and balance

By clearly delineating formal relation between different positions in the sales department; the sales organisation reduces confusion about the individuals role and responsibility. Since you will have to identify the types of activities to be performed, group them together and make specific persons responsible for the various jobs. While organizing your sales department. you will be able to generate information that is basic to function of coordination. The answers to the questions, who is responsible for what and when, provide vital inputs in developing the coordination programmes for sales effort.

e) Provides Insight into avenues or advancement

The personnel in the sales department look at the organisational structures as one of the indications of the direction in which their future careers may grow. A good use of the organisation chart may be made by the management, in communicating to the subordinates, the possible avenues of advancement. As the organisation grows, or as the personnel become more experienced in their present assignments. you may sometimes feel the necessity of moving personnel horizontally or even giving lower level sales employees a vertical jump in the organisation depending upon their merit. The fact however remains that the organisation chart depicts the normal promotion route to the subordinates.

f) Economises on executive time

As operations and activities in the sales department increase in number and complexity, delegation of authority becomes imperative. A sound organisation design allows effective use of specialisation so that executives may spend less time in operations and more on planning. In growing organisations, the need for effective coordination often results in limiting the number of subordinates who report directly to a certain executive. This span of control however may vary widely over organisation depending upon the management orientation towards delegation, superiors abilities of coordination, qualities of the subordinates etc. Improvements in the efficiency and reliability of communication systems also encourage wider spans of control. One of the main purposes of all delegation is achieving economies in the use of executive time

Establishment of sales policy:

Policies are the guiding principles of set by the company to given actions, usually repetitive actions. Sales policy provides the basic guide to the sales organisation. Under a given set of circumstances. It sound sales policy covers the following:-

Important items:

1. Products or services to be sold- type, number, variety and quality.
2. Customers of the products- types of customers, size and location of customers. Market can be divided into smaller uniform segments according to age, sec. And type of customers.
3. Branding and packaging policies.
4. Selection of channel of distribution.
5. Price of products- sale price, discounts,
6. Resale price maintenance.
7. Advertising and sales promotion.

At present, sales policies are given a wonder meaning and are synonymous with marketing policies. Marketing mix represents a blend or combination of four P’s

a) Product

b) Price

c) Place(dist.)

d) Promotion and policies.

Relating to them give us a mix of activities to achieve marketing or selling objectives.

Sales force management selection

Sales force management is defined as " the planning, direction and control of the personal selling activities of a business unit including recruiting, selecting, training, equipping, assigning routing, supervising, paying and motivating as these tasks apply the personal sales force." Sales management has dual responsibilities:

1. Generating sales volume and
2. Developing sales man power. Long-term success of the firm in generating sales volume higher upon the development of sales man power. ; sales people are an ;invaluable human resources of the firm. They have practically unlimited potential for growth and development applied to the sales department.

Effective management of sales force requires leadership plus administrative skills in planning, organizing, directing, motivating and controlling the personnel selling portion of the promotion mix. Sales management must determine the number and types of sales people required to implement the sales plans and programmes at the given time. Then sales people must be secured and their activities and planned, organized and directed into order to achieve the set sales objectivities.

There are areas for managerial decisions regarding the sales force:-

1. Recruitment selection,
2. Training
3. Remuneration and expenses.
4. Supervision and direction
5. Motivation of salesmen
6. Control and evaluation of assessment of sales performance. Let us review, in brief, important activities of sales management.

1. Recruitment and selection

It deals with securing as many qualified people as possible so that some of them can be selected to fill the vacancies. The usual procedure of scientific selection of sales people

1. Securing applications of the basis of the job description and job ;specification.
2. Screening of applications, reference contracts, credit checks
3. Preliminary interviews,
4. psychological tests, interest, aptitude and intelligence tests,
5. Final interview
6. Medical examination
7. Appointment and induction.

2. Training

Good sales men are not born, they are made- by well- planned and well- executed training programmes. Trained salesmen are able to secure sales orders more quickly, sell more, and are easies, to manager. Properly selected persons must under graduate training before they are put on their selling jobs.

Training is necessary to secure effective and efficient sales. It also facilitates managerial control. Trained sales force can exercise effective self-control and self-supervision.

Usually sales training is imparted to achieve the following aims.

1. Raising sales
2. Acquiring new accounts
3. Adequate knowledge of technology and product line.
4. Better sales presentation to win the customers.

3. Compensation (remuneration and expenses)

essential of sound compensation plan.

4. Supervision and direction

5. Motivation of salesmen:

sales contests

sales conventions and conferences.

6. Control and evaluation:

Main aspects of control process

Methods of control

* Sales territories

* Sales quotas

* Salesman's authority

* Routing and scheduling sales personnel

* Evaluation of sales performance

Effective sales performance measures.

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UNIT - I

Need and Scope of marketing: *Definition and features – meaning and Objectives – functions of marketing - modern marketing concepts. Market forecasting – marketing research – meaning and scope – objective and functions – future of marketing research.*

Nature and Scope of Marketing

Marketing is evolutionary rather than revolutionary. There is no single answer to the question of what is marketing? To understand, it may be explained in brief as "Marketing is what a marketer does". But this meaning lacks clarity in understanding the subject. The evolution of marketing is as old as the Himalayas. It is one of the oldest professions of the world. As any other subject, it has its own origin, growth and development.

In short, traditional marketing developed from time immemorial. The wants were few or limited. The surplus produce if any, after their consumption, was exchanged in local market. In course of time, farmers began to concentrate on selling, storing, transporting providing credit facilities etc, and this created an opportunity to middlemen to play their vital role.

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others. Marketing rests on the following core concepts: need, wants and demands; products; value, cost and satisfaction; exchange, transactions and relationship; markets; and marketing and marketers.

The Core concepts of Marketing

Needs, wants and demands → Products → Value, cost and satisfaction → Exchange transaction and relationship → Markets → Marketing and marketers

Definitions of Marketing

1) "Marketing is so basic that it cannot be considered a separate function. It is the whole business seen from the point of view of its final result, that is, from the customer's point of view. Business success is not determined by the producer but by the customer." – Peter F. Drucker.
2) "Marketing consists of all activities by which a company adapts itself to its environments – creatively and profitably" – Ray Corey
3) "Marketing's job to convert societal needs into profitable opportunities" – Anonymous.
4) "Marketing includes both place and origin in which buyers and sellers are in free competition with one another." – Pyle.
5) "The term market refers not to a place, but to a commodity or commodities and buyers and sellers who are in direct competition with one another." – Chapman.

Meaning of Marketing

The word 'market' is derived from the Latin word 'Marcatus' meaning merchandise, wares, traffic, trade or a place where business is conducted. The common usage of market means a place where goods are bought or sold. In its strict meaning market need not necessarily mean a place of exchange.

The word market is commonly used and may mean in any of the following manner:

1. Market may mean a place; where buying and selling take place.
2. Buyers and sellers come together for transaction.
3. An organization through which exchange of goods takes place.
4. The act of buying and selling of goods (to satisfy human wants).
5. An area of operation of commercial demand for commodities.

Objects of Marketing According to Barker and Ashen "the end of all he marketing activities is the satisfaction of human wants." Through the satisfaction of human wants, profits are rewarded for the business and the reward is inducement for marketing. Now the time has changed and object of marketing is more than securing profits. The following are the aims of marketing:

1) Intelligent and capable application of modern marketing policies.
2) To develop the marketing field.
3) To develop guiding policies and their implementation for a good result.
4) To suggest solutions by studying the problems relating to marketing.
5) To find source for further information concerning the market problems.
6) To revive existing marketing function, if shortcomings are found.
7) To take appropriate actions in the course of actions.

Importance of Marketing

The following are the importance of marketing:

1) Market is a connecting link between the consumer and the producer.
2) Marketing helps in increasing living standard of people.
3) Marketing to increase the nation's income.
4) Marketing process increases employment opportunities.
5) Marketing creates awareness.
6) Marketing removes the imbalances of supply by transferring the surplus to needful areas through transport facilities.
7) Marketing helps to maintain economic stabilities and rapid development in under developed and developing countries.
8) Marketing includes all activities in the creations; form, place, time and possession.

Classification of markets

Markets have been classified on the basis of different approaches in various ways.

A) On the basis of Geographical area:

1. Family market

When exchanges are confined within a family or close members of the family, such a market can be called as family market.

2. Local market

When people – buyers and sellers, belong to a local area or areas, say a town or village, participate in market is called local market. The demands are limited.

3. National market

For certain type of commodities, a country may be regarded as market, through the fast development of industrialization. It is called as national market.

4. World market

World or international market comes up when buyers and sellers of goods evolve on world level *i.e.,* involvement of buyers and sellers beyond the boundaries of a nation.

B) On the basis of commodities/goods:

Commodity market:

1. Produce exchange market

This type of market is found only in developed industrial centers or cities. One market deals in one commodity only. Generally sellers and buyers of particular commodity set up such markets and run them regulated and controlled by certain rules. Example wheat exchange market of Hapur, Cotton exchange market of Bombay, etc.

2. Manufactured goods market

Such type of market deals with manufactured goods. Example leather goods, machinery, etc.

3. Bullion market

This type of market deals with the purchase or sales of gold, silver, etc., bullion markets of Bombay, Calcutta, Kanpur are examples of such market.

Capital market:

1. **Money market**

It is a type of market where money is borrowed or lent. This type of market helps or guide public to invest their surplus fund in industrial concerns; and helps people to take loans through banks. London is the world's biggest money market.

2. **Foreign exchange market**

It is an international market. This type of market helps exporters and importers, in converting their currencies into foreign currencies and vice versa.

3. **The stock exchange market**

This is a market where shares, debentures, bonds, etc., of companies are dealt with-purchased and sold. It is also called as securities market. Stock exchanges of Mumbai, Kolkata, Chennai, etc., are examples for this type of market.

C) On the basis of Economics:

1. Perfect market

- Large number of buyers and sellers are there.
- Prices should be uniform throughout the market.
- Buyers and sellers have a perfect knowledge of market.
- Goods can be moved from one place to another without restriction.

2. Imperfect market

- Products are similar but not identical.
- Prices are not uniform.
- There is lack of communications.
- There are restrictions on the movement of goods.

D) On the basis of transaction:

1. Spot market

In such a market goods are exchanged and the physical delivery of goods takes place immediately.

2. Future market

In such market contracts are made over the price for future delivery. The dealing settlements take place on different dates.

E) On the basis of Regulation:

1. Regulated market

These are types of markets which are organized, controlled and regulated by statutory measures. Example: Stock exchanges of Mumbai, Kolkata, Chennai etc,.

2. Unregulated market

This is a free market. There is no control with regard to price, quality, commission, etc,. Demand and supply determines the price of goods.

On the basis of time:

1. Very Short period market

Markets which deal in perishable goods like, fruits, vegetable, milk, etc,. are for a very short period. There is no change in the supply of goods. Price is demanded on the basis of demand.

2. Short period market

In certain goods, supply is adjusted to meet the demand. The demand is greater than supply. Such markets are known as Short period market.

4. Long period market

This type of market deals in durable goods.

F) On the basis of volume of business:

1. Wholesale market

In wholesale market goods are supplied in bulk quantity to dealers.

2. Retail market

In retail markets goods are sold in small quantities directly to the users or consumers – consumer market. The consumer gets the goods for consumption and not for profit making.

G) On the basis of importance:

1. Primary market

The primary producers of farm produce sell their output or products through this type of markets to wholesalers or consumers. Such markets can be found in villages and mostly the products arrive from villages.

2. Secondary market

The commodities arrive from other markets the dealings are commonly between wholesalers or between wholesalers and retailers.

3. Terminal market

The ultimate consumer gets the goods from such market. here the final disposal of goods takes place.

Functions of marketing

I. Functions of exchange

i. Buying:

Buying is the first step in marketing. It is carried out by all marketers – the manufacturers, the wholesalers, the retailers. Buying and selling are inseparable. Both happen at the same time. That is without selling there is no buying. When the buying function is over, the buyer gets the title of the product.

ii. Assembling:

Assembling is concerned with the collection and concentration of goods of the same type from different sources at a place for further movement. Generally goods are bought from different sellers. When they are purchased from different small producers, scattered over a wide area, they are to be assembled at a central place.

iii. Selling:

Selling and buying are complement to each other. Marketing efforts evolve around the buying and selling functions. The primary objective of the marketing is to sell the product at a profit. By selling, the ownership is transferred to buyer. Sales are concerned with activities, which convert the desire into demand.

II. Functions of supply

i. Transportation:

Since markets are geographically separated from the production place, transportation is essential. The function of exchange i.e., buying and selling provide the transfer of ownership from seller to buyer. When ownership changes, possession is also changed. And through transport the possession is enjoyed by the buyer. When the distance between production place and consumption place increases, the importance of transport expands.

ii. Storage:

Storage creates time utility. Products are preserved from the time of production to the time of consumption. Production may be during particular season, but demand is regular. In the same way, production may be regular, but demand may be only in seasonal time. In both the cases, products have to be stored. Storage function is necessary in concentration as well as in dispersion.

III. Facilitating function

i. Financing:

Finance is the most fundamental aspect for any merchandise transaction. Funds are required to hold the stocks and to meet the cost of marketing. Generally there is a gap of period between the purchase of raw material and the production of finished goods. It means that the manufacturer who invests in raw material has to wait till the consumers pay for the finished goods. This waiting period is undertaken by financial institutions by granting loans.

ii. Risk-bearing:

In marketing, there arise numerous risks – damages to goods, physical loss, changes in economic values of goods, mismanagement, credit losses etc. These are more or less inherent in the marketing process. These are losses on account of fire, flood, deterioration, bad debts etc. Some of the risks are insurable while others are not. For example, loss on account of fire, accident, etc. can be insured with the insurance companies. But the loss on account of fall in demand, prices, competition etc., cannot be insured.

iii. Standardization:

Standardization is related with the division of commodities into distinct groups. Standard is used in providing certain basic qualities to the goods for their use. Standard is specification. It is a 'norm', 'grade' or 'category'. Standards are fixed on physical characteristics of products. The standardized products possess uniform characteristics. For example, shape, weight, size etc.

iv. Market information:

The desired success of marketing depends on correct and timely decisions. These decisions are based on market information or market intelligence. Modern marketing must have information of size, location, characteristics, of markets etc. the customer's wants, habits, purchasing power etc., are to be considered; the strength or weakness of competitors, trend in market, supply and demand etc. are also to be taken into account.

v. Promotion

Promotion is a wide term including advertising, personal selling, sales promotions etc. Marketing communications are essential for both sellers and buyers. Sales promotions are marketing device to stimulate or restimulate demand for products. The behaviour of buyers can favourably be influenced only through promotion. Promotional programmes are needed for both consumer good and industrial goods. Persuasive communication or effective promotion will facilitate the marketers to increase and maintain their market share.

Important Characteristics or Features of Marketing

1. Organization-wide Function:

Marketing is not a function of marketing department alone. Every department and individual contributes sufficiently towards marketing. The production department has to see that products do not falter after sale. The receptionist, the first point of contact, is the image bearer. The account department must see that the invoice is customer-friendly. Management guru Peter F. Drucker very rightly claimed that marketing "is so basic, it cannot be considered a separate function.... It is the whole business seen from the point of view of its final result, that is, from the customer's point of view."

2. Marketing is a socially pervasive process:

Marketing is a process as it begins with the consumers and ends with the consumers. As a process, first marketing has to scan the business environment of which customers are part and parcel, including SWOT analysis; then it has to formulate marketing strategy and prepare tactical plans; then to implement them; and finally controlling, i.e. monitoring actual performance and to see how effective the market planning was. It is social, because exchange is possible only between two social units. And it is pervasive because it goes much beyond selling soaps, toothpaste or shampoos.

Whether the organisation is commercial or non-commercial, government or non-government, everyone has to market. A nation has to go in for international marketing to get across the points to citizens of that country.

Today it is not only goods or services that are marketed, but people (during elections by Political Parties), places (like city of Jaipur by Rajasthan Tourism), events (like IPL by BCCI), experiences (Walt Disney World's Magic Kingdom), organisations (Helpage India), properties (Ajmera Greens at Bangalore), information (like vaccination for polio by Delhi Government), ideas (preventing corruption by Anna Hazare, and "Lane Driving is Sane Driving' by Delhi Police), and hopes (like Revlon saying '"In the factory we make cosmetics; in the store we sell hope").

3. Marketing is both a Science and Art:

Marketing is a science as it provides some general principles to guide the managers in their working. Marketing is an art as every situation requires to be tackled differently and in an effective manner.

Neither the science should be over-emphasized nor should art be discounted. The reality is that both of them go together and are both mutually interdependent and complementary.

4. Voluntary Exchange of Values:

Marketing is always about exchange of value to each other without any coercion or force, i.e., voluntary exchange. Selling is only a tip of marketing iceberg. Value assessment is a subjective assessment of benefits.

A customer benefits include what a buyer receives in exchange. Buyer's cost includes price, time, effort, and risk (s)/he undertakes. The marketer must provide equal value through marketing mix.

5. Achievement of Organisational Objectives and Customer Needs:

Marketing is a purposeful activity. It is always to achieve the organisational objectives as well as satisfying customers. Organisational objective for a .commercial organisation may be profit and for a non-commercial organisation it may be different (police wants to bring down crimes, and anti-tobacco campaign wants to eliminate tobacco consumption).

6. Selection of Target Markets:

No marketer can satisfy everyone in the market. A marketer has to select target markets rather than a quixotic attempt to win every market and be all things to all men. Not everyone likes the same diaper, shampoo or car.

Therefore, marketers start with market segmentation, choosing a target groups (s), identifying target group needs and requirements and meeting these needs in a better way than the competitors through suitable marketing mix.

7. Beneficial to all the Stakeholders:

Favouring one of the stakeholders at the cost of others cannot be marketing. Profit maximisation, by hook or crook, may be beneficial to the firm, but customer will lose. Making use of polythene bags may make convenience for the customers, but environment will suffer.

Distinction between Market and Marketing

1. Market refers to the aggregate demand of the potential buyers for a product Whereas, Marketing refers to all the activities aimed at customer satisfaction.

2. Market refers to a particular place where buyers and sellers meet together Whereas, Marketing is concerned not only with exchange function but also with facilitating functions such as financing, MIS etc.,

3. Exchange of goods and services is the main aim of Market. Consumer Satisfaction is the main aim of Marketing.

4. Market facilitates sale of goods whereas, Marketing identifies consumer needs and produce those goods.

Selling

This is the process of Marketing. It is the needs of the sellers. It is an internal aim of a business.

Differences between selling and marketing:

	Selling	Marketing
1	Emphasizes on the product	Emphasizes on customer wants
2	Sales are the primary motive	Satisfaction of the customers is primary
3	First production, then selling take place at a profit without knowing customer needs	First customers need is known and then production takes place, then the product is sold at a profit
4	Internal company orientation	External market orientation
5	Company's need is the motive	Buyer's need is the motive

Recent Development in Marketing Concept

Marketing occupied an important place in all stages of economic life even from barter system. But today marketing is at a complicated stage. Modern marketing possess special characteristics.

Modern Marketing covers all business activities in order to ascertain the demand Marketing planning distribution and facilitating the entire Marketing process. The modern Marketing emphasizes the need for integrated and well coordinated Marketing programmes. It aims to attract the customers.

Meaning:

Modern Marketing embraces all the activities of an organization aimed at consumer satisfaction while assuring profitability to the producer.

Evolution

This stage has been reached after it passes many stages. The stages are:

Self Sufficient Stage

In this stage, each individual was self -sufficient. They did not produce more than what is required. The exchange was totally absent and there was no need for any marketing function.

Barter Stage

Goods are exchanged for goods during this period. Because of innumerable disadvantages like lack of double coincidence of wants, limited exchange etc., and due to the advent of money as a medium of exchange, markets came to be established.

Production Oriented Stage

Far-reaching changes were visible only after the advent of Industrial Revolution. With the factory system the production being the order of the day, the problem of mass selling assumed importance. In the initial stages, the interest of consumers were not given due importance. With the growth of civilization, communication facilities, the wants of the consumer increased. Technological development paved the way for variety of goods. Competition arises among the producers, which have made them to adopt new techniques of sales.

Market Oriented Stage

So long as the demand for goods outstripped their supply, selling was not a problem. Consumers were totally neglected. But with Competition and variety, producers could not think of easy disposal of their goods. Their old system had to give place to a new system of marketing.

Consumer Oriented Stage

Attractive advertisement and aggressive salesmanship could push up sales. But to sustain the demand, consumer interest must be served. Producers thus began to realize that it is consumer satisfaction alone could offer a permanent solution to the problem of mass production. The marketing is presently consumer oriented. Product Innovation and Product Planning becomes a part of the marketing process today so as to serve better the changing interests of the consumers.

Management Orientation Stage

The marketing function assumes a managerial role to co-ordinate all interacting business activities with the objective of planning, promoting and distributing want-satisfying products and services to the present and potential customers.

Factors Influencing Modern Marketing Concept

Population Growth

Increase in population increases the demand. Increase in population increases market, increasing consumers who have increased demand for goods in varieties. The producers have to meet the changing demand of the people.

Increasing Household

The growth of demand for products is more than its total population at any time. Joint family system has become unpopular and most are subdivided into separate families, which in turn increase the demand.

Disposal of Income

Industrial developments have opened the door of employment. People have increased their income, so the consumers are interested to buy products for more comforts.

Surplus Income

People have surplus income left after meeting the expenses on essential items. The consumers are interested to spend the surplus income on business goods. People select such items, if they can give satisfaction to their needs and desires.

Technological Development

Science and Technology improves day by day. New invention of product takes place. No product will possess good demand in the market continuously. Technological development may outmode the old product. That product which can suit the new trend alone can withstand in the market because the consumers are always interested to have the latest one.

Mass Communication Media

The growth of mass communication facilitates the buyers to learn about the new products available for sale. The buyer gets information about the new products faster and more effectively before the products comes to the market.

Credit Purchase

Credit Purchase through hire purchase schemes and Installments are common. This increases the sales. The customer can enjoy the facilities and this widens the market.

Characteristic Features of Recent Development Marketing Concept

Consumer Orientation

Modern marketing recognizes consumer's supremacy in marketing. Consumer is considered as the king of market. All activities are undertaken by the marketer to ascertain what the consumer really wants. The firm produces such goods that satisfy the needs of the consumer. Product Innovation and Product Planning become the part of marketing process. Profit can be earned only by serving the consumer's need.

Modern Marketing begins with the Customers

The producers of last century had little care for the consumers. In olden days, the consumers were in a position to accept what is available in the market. This situation has changed. Nowadays, profit can be earned only through consumer satisfaction. So it becomes necessary for the marketer to conduct research about the product needed by the consumer. In short, what is to be produced is decided by consumer.

Modern Marketing Begins Before Production

In those days, there was no competition. Now this situation has changed. It is important to collect information from the consumer before undertaking the actual production. The collection of information is to be continued even after production in order to make the product fit to satisfy the needs of the consumer.

Modern Marketing is a Guiding Element

At present, competition is more acute because many entrepreneurs produce similar goods. Marketing has also become a stiff competition. Businessman has to understand the economic development of a country and must aim to raise the standard of living of the people.

Benefits of Recent Development in Marketing Concept

- Since marketing concept considers the consumer to be the King, his wants and needs are well taken care of.
- Consumer gets the type of goods he needs. He is not forced to accept what is available in the market.
- Since the company constantly review its operation and puts such goods in the hands of customer as required by him, so the question of slow moving items, dead stock etc., do not arise.
- The firm earns profit and at the same time the society also gains because the interests of the consumers are adequately satisfied.
- It is possible for the firm to enjoy long-term success when the enterprise recognizes the likes and needs of the buyers.
- A satisfied customer is undoubtedly an effective advertisement material. So when the consumers are satisfied with a product, then the expansion of market by that producer can be easily achieved.
- Marketing risks can be avoided on knowing the market needs which enables the firm to capitalize on market opportunities.
- Marketing research is a management tool for making fruitful decisions and future plans which leads to equalization of demand with the supply position.
- Modern Marketing Concept assures the integration of the different departments of a firm which results in assured profit.

Market forecasting

Forecasting is one of the most important activities in the present day modern Marketing system. Market forecasting is the most required aspect for any organization because the customers are normally dispersed over a wide area. Therefore the organization must at first find out the preference of the customers before entering the market. Market forecast includes understanding certain concepts like

1) The customers expectation regarding the product.
2) The degree of competition to be faced.
3) Government policies.
4) Channel of distribution.
5) Defects of rival products.
6) Buying motives of customers.
7) Supply, demand and price of similar products.
8) Size of the market to be covered.
9) Customers opinion about eh product – size, shape, type etc.,
10) Satisfactory inflow of information.

Above are some of the major aspects which any organization must remember at the time of planning the future activities.

Market segmentation

Market segmentation is a marketing strategy that involves dividing a broad target market into subsets of consumers who have common needs and priorities, and then designing and implementing strategies to target them. Market segmentation strategies may be used to identify the target customers, and provide supporting data for positioning to achieve a marketing plan objective. Businesses may develop product differentiation strategies, or an undifferentiated approach, involving specific products or product lines depending on the specific demand and attributes of the target segment.

Criteria for segmenting

An ideal market segment meets all of the following criteria:

- It is possible to measure.
- It must be large enough to earn profit.
- It must be stable enough that it does not vanish after some time.
- It is possible to reach potential customers via the organization's promotion and distribution channel.
- It is internally homogeneous (potential customers in the same segment prefer the same product qualities).
- It is externally heterogeneous,(potential customers from different segments have different quality preferences).
- It responds consistently to a given market stimulus.
- It can be reached by market intervention in a cost-effective manner.
- It is useful in deciding on the marketing mix.
- It identifies the target customer(s)
- It provides supporting data for a market positioning or sales approach.

Basis for segmenting consumer markets

A. Geographic Segmentation

Marketers can segment according to geographic criteria—nations, states, regions, countries, languages, cities, neighborhoods, or postal codes. The geo-cluster approach combines demographic data with geographic data to create a more accurate or specific profile. With respect to region, in rainy regions merchants can sell things like raincoats, umbrellas and gumboots. In hot regions, one can sell summer clothing. A small business commodity store may target only customers from the local neighborhood, while a larger department store can target its marketing towards several neighborhoods in a larger city or area, while ignoring customers in other continents. Geographic Segmentation is important and may be considered the first step to international marketing, followed by demographic and psychographic segmentation. The use of national boarders is the institutional use of geographic segmentation, although geographic segments may be classified by identified geological regions.

B. Demographic Segmentation

Demographic segmentation is dividing markets into different groups according to their age, gender, the amount of income, the ethnicity or religion of the market and the family life cycle. The U.S. Census uses demographic segmentation to document and segment the people living in the U.S.

C. Behavioral Segmentation

Behavioral segmentation divides consumers into groups according to their knowledge of, attitude towards, usage rate or response to a product

Psychographic Segmentation

Psychographic segmentation, which is sometimes called Lifestyle. This is measured by studying the activities, interests, and opinions (AIOs) of customers. It considers how people spend their leisure, and which external influences they are most responsive to and influenced by. Psychographic is highly important to segmentation, because it identifies the personal activities and targeted lifestyle the target subject endures, or the image they are attempting to project. Mass Media has a predominant influence and effect on Psychographic segmentation. Lifestyle products may pertain to high involvement products and purchase decisions, to specialty or luxury products and purchase decisions. Lifestyle segmentation reflects on how the target subject identifies themselves, or how they desire to identify themselves in society. By identifying and understanding consumer lifestyle, businesses can develop promotional mixes and product lines, which tailor to their needs.

Segmentation according to occasions relies on the special needs and desires of consumers on various occasions - for example, for products for use in relation with a certain holiday. Products such as decorations or lamps are marketed almost exclusively in the time leading up to the related event, and will not generally be available all year round. Another type of occasional market segments are people preparing for a wedding or a funeral, occasions which only occur a few times in a person's lifetime, but which happen so often in a large population that ongoing general demand makes for a worthwhile market segment.

D. Segmentation by benefits

Segmentation can take place according to benefits sought by the consumer.

E. Segmentation by Demography

Segmentation according to demography is based on variables such as age, gender, occupation and education level or according to perceived benefits which a product/service may provide.

F. Multi-Variable Account Segmentation

In Sales Territory Management, using more than one criterion to characterize the organization's accounts, such as segmenting sales accounts by government, business, customer, etc. and account size/duration, in effort to increase time efficiency and sales volume.

Benefits of segmentation in customer retention

The basic approach to retention-based segmentation is that a company tags each of its active customers with three values:

Is this customer at high risk of canceling the company's service?

One of the most common indicators of high-risk customers is a drop off in usage of the company's service. For example, in the credit card industry this could be signaled through a customer's decline in spending on his or her card.

Is this customer worth retaining?

This determination boils down to whether the post-retention profit generated from the customer is predicted to be greater than the cost incurred to retain the customer.

What retention tactics should be used to retain this customer?

For customers who are deemed worthy of saving, it is essential for the company to know which save tactics are most likely to be successful. Tactics commonly used range from providing special customer discounts to sending customers communications that reinforce the value proposition of the given service.

Price discrimination

Where a monopoly exists, the price of a product is likely to be higher than in a competitive market and the price can be increased further if the market can be segmented with different prices charged to different segments charging higher prices to those segments willing and able to pay more and charging less to those whose demand is price elastic. The price discriminator might need to create rate fences that will prevent members of a higher price segment from purchasing at the prices available to members of a lower price segment. This behavior is rational on the part of the monopolist, but is often seen by competition authorities as an abuse of a monopoly position, whether or not the monopoly itself is sanctioned. Areas in which this price discrimination is seen range from transportation to pharmaceuticals. Price discrimination may be considered price-fixing under the control of an oligopoly or consortium in certain circumstances of deregulation and leisure.