Semester – III

18BAU301 PRINCIPLES OF MARKETING 6H – 5C

Instruction Hours / week L: 6 T: 0 P : 0 Marks: Internal: 40 External: 60 Total: 100

End Semester Exam: 3 Hours

COURSE OBJECTIVES:

To make the students

1. To Understand the Concept of marketing, and 4Ps of Marketing
2. To communicate orally and in written form the concepts of marketing and 4 Ps of marketing
3. To apply the marketing concepts and skills lifelong.

COURSE OUTCOMES:

Learners should be able to

1. Understand the Concept of marketing, and 4Ps of Marketing
2. Communicate orally and in written form the concepts of marketing and 4 Ps of marketing
3. Apply the marketing concepts and skills lifelong.

UNIT I :INTRODUCTION TO MARKETING MANAGEMENT:

Introduction: Market and Marketing, the Exchange Process, Core Concepts of Marketing - Market and Marketing, the Exchange Process, Core Concepts of Marketing, Exchange concept, Production concept, Product concept, Sales/selling concept, Modern marketing concept, Societal marketing concept, Impact of marketing concepts and its applicability, Functions of Marketing, Importance of Marketing, Marketing Orientations.
Environmental Scanning: Analysing the Organization's Micro Environment, Company's Macro Environment, Differences between Micro and Macro Environment, Techniques of Environment Scanning,

UNIT II - THE MARKET PROCESS AND SEGMENTATION

The marketing process*:* Introduction, Marketing Mix-The Traditional 4Ps, The Modern Components of the Mix- The Additional 3Ps, Developing an Effective Marketing Mix, Marketing Planning, Marketing Implementation and Control,

Segmentation : Concept of Market Segmentation, Benefits of Market Segmentation, Requisites of Effective Market Segmentation, The Process of Market Segmentation, Bases for Segmenting Consumer Markets, Targeting (T), Market Positioning (P)

UNIT III :PRODUCT MANAGEMENT

Decisions, Development and Lifecycle Strategies: Introduction, Levels of Products, Classification of Products, Product Hierarchy, Product Line Strategies, Product Mix Strategies, Packaging and Labelling, New Product Development, Product Life Cycle (PLC)

Brand and Branding Strategy: Introduction, Brand and Branding, Advantages and disadvantages of branding, Brand Equity, Brand Positioning, Brand Name Selection, Brand Sponsorship, Brand Development

UNIT IV : PRICING AND DISTRIBUTION MANAGEMENT

Pricing : Introduction, Factors Affecting Price Decisions, Cost Based Pricing, Value Based and Competition Based Pricing, Product Mix Pricing Strategies, Adjusting the Price of the Product, Initiating and Responding to the Price Changes.

Distribution Management: Introduction, Need for Marketing Channels, Decisions Involved in Setting up the Channel, Channel Management Strategies, Introduction to Logistics Management, Introduction to Retailing, Wholesaling,

UNIT V - PROMOTION MANAGEMENT AND RECENT DEVELOPMENTS IN MARKETING

Nature and importance of promotion; Communication process; Types of promotion: advertising, personal selling, public relations & sales promotion, and their distinctive characteristics; Promotion mix and factors affecting promotion mix decisions;

Recent developments in marketing: Social Marketing, online marketing, direct marketing, services marketing, green marketing, Rural marketing; Consumerism

SUGGESTED READINGS:

1. Philip T. Kotler, Gary Armstrong, Prafulla Agnihotri , (2018), *Principles of Marketing*, 17th edition, Pearson Education, NewDelhi
2. V. S. Ramaswamy , S. Namakumari (2018), *Marketing Management: Indian Context Global Perspective*, 6th edition, , Sage Publications India (P) Ltd., NewDelhi
3. Philip Kotler, Kevin Lane Keller, (2017), *Marketing Management*, 15th edition, Pearson Education, NewDelhi
4. Rajan Saxena (2017), *Marketing Management*, 5th edition, McGraw Hill Education, NewDelhi.
5. Philip Kotler (2017), *Marketing 4.0: Moving from Traditional to Digital*, Wiley, NewDelhi

UNIT 1 PRINCIPLES OF MARKETING

Questions	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Answer
Modern Marketing is _________ oriented	Consumer	Customer	Seller	Producer			Consumer
Marketing starts and ends with the __________	Producer	Customer	Consumer	Seller			Consumer
Marketing is ______oriented	Decision	Goal	standard	Division			Goal
Marketing converts _________ demand into effective demand.	New	environmen t	effort	latent			latent
Marketing is a __________ as well as an art	Science	History	Geography	Economics			Science
Marketing is the delivery of __________ of living to society	stand	standard	quality	decision			standard
Market is a place where buyers and sellers _________	interact	plan	cooperate	consist			interact

Market denotes the aggregate ___________ for a commodity	supply	demand	supply and demand	satisfaction			demand
Market denotes the transfer of_______ to goods to services	place	time	utility	title			title
Flow of goods and services from the producer to the consumer is called _________	Market	Marketer	Marketing	Marketing Manageme nt			Market
Market is a place where ___________ and sellers interact	Marketers	buyers	Vendors	Utilizers			buyers
The organisation that regulates the purchase and sale is called ___________	Marketer	Marketing	Marketing Management	Market			Market
Marketing should be a total system of interacting ______ activities	Physical	Mental	Business	Human			Business
There are _____________ types of environment	one	three	two	four			two
________and Macro are the two types of environment	Micro	Mykro	Mycro	Macrony			Micro
Controllable and uncontrollable are the __________	Works	Forces	Markets	Utilizes			Forces
Marketing is what a ______________does	Consumer	Customer	Marketer	Producer			Marketer

Market is derived from the Latin word ________________meaning merchandise	Marcatus	Marcat	Markat	Markatas			Marcatus
is a good offered either free or at low cost as an incentive to buy a product	Patronage reward	Spiff	Price pack	Premium			Patronage reward
_______ describes changes in an individual's behavior arising from experience	Modeling	Motivation	Perception	Learning			Learning
Market is derived from the Latin word _______meaning merchandise	Marcatus	Marcat	Markat	Markatas			Marcatus
A is a good offered either free or at low cost as an incentive to buy a product	Patronage reward	Spiff	Price pack	Premium			Premium
_______ describes changes in an individual's behavior arising from experience	Modeling	Motivation	Perception	Learning			Learning
Marketing encompasses the entire _____________	Activity	Environme nt	business	objectives			business
__________is a much wider term than selling	Marketing	Auditing	Accounting	Buying			Marketing
Some of the environmental forces are ____________whereas the others are beyond the control of a firm	un controllable	controllable	Accountable	Quantifiabl e			controllable
Marketing system has an ______ relationship with its environment	exchange	input	output	exercise			exchange

Scanning, analysis and_________ are required to understand the marketing environment	dedicating	interpreting	calculating	mapping			mapping
Marketing activities take place in an __________consisting of micro and macro factors	environment	exchange	equation	equator			environment
Micro-environment consists of suppliers, intermediaries, customers, competitors and ________	Demographic	Economic	Politics	Public			Public
Total market for a product / service is very large and ________	Heterogeneous	Homogene ous	Constant	Variables			Heterogeneous
__________provide resources that are needed by the company	Vendors	Buyers	Producers	Suppliers			Suppliers
Flow of goods and services from the _____________ to the consumer is called market	Consumer	Marketer	Publisher	Producer			Producer
_________refers to the process of building long-term satisfying relationships with customers	Relationship marketing	Marketing	Environment Marketing	retail			Relationship marketing
Market and marketing are _________	Different	Same	Closely related	Not related			Different
Use of volume as a basis there can be ______ and ______ markets	Spot and Forward	Regulated and Unregulate	Controlled and Uncontrolled	Retail and Wholesale			Retail and Wholesale
Use of volume as a basis there can be ______ and ______ markets	Perfect and Imperfect	Present and future	cash and credit	Service and Product			Perfect and Imperfect

Market was a physical place where buyers and _____ are gathered to exchange goods	Sellers	Customers	Wholesalers	Retailers			Sellers
Manufacturers go to _____ by resources and turn them into finished goods and services	Labour Market	Resource Market	Money Market	Stock Exchange			Resource Market
Use of volume as a basis there can be ______ and ______ markets	Spot and Forward	and Unregulated	Controlled and Uncontrolled	Retail and Wholesale			Retail and Wholesale
Marketing is a process of planning and ________	Executing	Deciding	choosing	distribting			Executing
Bullion Market is specializing in exchange of __________	Goods and Services	Precious metals	Durable goods	Non-durable goods			Precious metals
The term consumer behavior is a subset of ___________	Personal behavior	Consumer behavior	Buyers behavior	Human behavior			Human behavior
. ___________ segmentation is the study of population	Demography	Geographic	Psycho-graphic	Multiple			Demography
Flow of goods and services from the producer to the_____________ is called market	Publisher	producer	consumer	Marketer			consumer
Marketing concept is state of mind that insists on integration and co-ordination of all ______ function	Production	Marketing	Managerial	Development			Marketing
There is continuous reshaping of company's product and services to meet the changing ____ of the consumer.	Demand	Supply	Income	Taste			Demand

Marketing should be a total system of interacting ______ activities	Physical	Mental	Business	Human			Business
The firm can very well face the pressures of competition and ______ changes.	Environmental	Economical	Social	Tropical			Environmental
Selling begins after the production because it is concerned with ______ already produced.	Goods	Raw Materials	Currency	Services			Goods
Marketing should become involved in vital issue and provide important to ______ services.	Private	Public	Private and Public	Production			Public
The application of marketing theories and techniques to social situations is called ______ marketing	Social	Resources	Manufacture	Services			Social
______ in the efficiency of marketing really results in a high cost of distribution.	Decrease	Increase	Constant	Increase / Decrease			Increase
______ provides wide employment opportunities.	Social	Servicing	Manufacturing	Marketing			Marketing
Marketing converts demand into _______ demand.	Effective	Ineffective	Efficient	Inefficient			Effective
Marketing skills are essential for success in ______ market.	National	Regional	Local	Global			Global
Marketing is a ______ process of society through which business enterprises is integrated productively	Dynamic	Static	Non-dynamic	constant			Dynamic

Distribution is a key area in _____ marketing	Indian	Modern	Moderate	Local			Modern
The concept of marketing is under developed, economies has to go a long way to catch up with the requirement of rapid ___________growth.	Economic	Industrial	Agricultural	Factorial			Industrial
Professionals & experts in the field of marketing enjoy a_______ premium in the job market.	High	Low	Insurance	Constant			High

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KARPAGAM UNIVERSITY
DEPARTMENT OF MANAGEMENT
II BBA – III SEMESTER
PRINCIPLES OF MARKETING (18BAU301)

UNIT I

Meaning and Definition of Marketing

According to American Marketing Association "Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational objectives".

Ramaswamy and Namakumari defines marketing "It is the total system of interacting business activities designed to plan, promote and distribute need satisfying products and services to existing and potential consumers".

Philip Kotler defines marketing "It 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". This definition of marketing is the most widely accepted by marketing. educators and practitioners. It highlights the core concepts like needs, wants, demands, products, value, cost, and satisfaction.

The marketing concept

The modern marketing concept can be expressed as 'the achievement of corporate goals through meeting and exceeding customer needs better than the competition'. For example, the mantra at Procter & Gamble, one of the world's leading consumer products companies, is that it must win at the first and second moments of truth—that is, in the shop where the consumer decides which brand to select and in the home when he/she uses it. Three conditions must be met before the marketing concept can be applied. First, company activities should be focused on providing customer satisfaction rather than, for example, simply producing products. This is often not an easy condition to meet.

Nature of Marketing

1. Marketing is customer oriented

Marketing begins and ends with the customer. The job of the marketing is not only to satisfy the consumer but even to delight him/her. All the activities of an organization must be directed and focussed towards the consumer. The organisations cannot ignore emerging technologies, materials, instruments and new ways of organizing the things but with the considerations of consumers. Therefore, marketers must allow their customers to dictate product specifications and standards regarding quality. This job can only be performed if consumers' needs are continuously monitored.

2. Marketing is the delivery of value

when a consumer derives satisfaction from a particular product on the basis of product's overall capacity and performance is known as value in consumer's perception. The consumers today make a trade-off between cost and benefit of the product and they consider the product's value and price before making a decision. At times they will have to give up a particular product to obtain the other one since first one involves a big cost. Thus, he will choose the product that gives him more value per rupee. According to De Rose, "Value is the satisfaction of customer requirements at the lowest possible cost of acquisition, ownership, and use". Thus, the organisations' strategies must be aimed at delivering greater customer value than that of their competitors.

3. Marketing is a net-work of relationships

The customer is at the centre-stage and focus of all marketing activities. From 1990s onwards the focus is not only to identify the needs and delivers it to customers but is shifting towards relationships marketing. According to Philip Kotler "Relationship marketing is the practice of building long-term satisfying relations with key parties like customers, suppliers and distributors in order to retain their long-term preference and business". The marketers who are smart enough to maintain their relationships by delivering high quality products in time, better services and fair prices in comparison with their counterparts.

Marketing as a separate discipline

There used to be the days when marketing was treated as a part of economics. But now it is recognised as a full-fledged separate discipline. It is not the time when we just talk of sales and purchase or the quality of the product or the monopoly. With the emergence of modern marketing concept, the issue of green marketing and environmental protection have come up and regarding that various laws have been framed. When we talk of knowing consumer behaviour, it leads us to entirely a new world of human behaviour and for that matter, a marketer must possess the knowledge of psychology. Why a particular product is preferred by a consumer and other declines it to use? The answer has in the study of culture. Therefore, marketing has emerged as a separate discipline and got its strength from the related areas like law, psychology, anthropology, sociology and statistics etc.

4. Marketing is business

When it is said that marketing is business, the contention is that the all activities starts from marketing i.e. through knowing consumer and end up on the consumers i.e. knowing consumer dissonance. It means the entire business revolves round the marketing. According to Peter F. Drecker "Marketing is so basic that it can not be considered as 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". So, business seeks customers because they are the business providers and ultimately marketing is business.

5. Marketing is an Economic Function

Marketing embraces all the business activities involved in getting goods and services , from the hands of producers into the hands of final consumers. The business steps through which goods progress on their way to final consumers is the concern of marketing.

6. Marketing is a Legal Process by which Ownership Transfers

In the process of marketing the ownership of goods transfers from seller to the purchaser or from producer to the end user.

7. Marketing is a System of Interacting Business Activities

Marketing is that process through which a business enterprise, institution, or organisation interacts with the customers and stakeholders with the objective to earn profit, satisfy customers, and manage relationship. It is the performance of business activities that direct the flow of goods and services from producer to consumer or user.

8. Marketing is a Managerial function

According to managerial or systems approach - "Marketing is the combination of activities designed to produce profit through ascertaining, creating, stimulating, and satisfying the needs and/or wants of a selected segment of the market."

According to this approach the emphasis is on how the individual organisation processes marketing and develops the strategic dimensions of marketing activities.

9. Marketing is a social process

Marketing is the delivery of a standard of living to society. According to Cunningham andCunningham (1981) societal marketing performs three essential functions:-

1. Knowing and understanding the consumer's changing needs and wants;
2. Efficiently and effectively managing the supply and demand of products and services; and
3. Efficient provision of distribution and payment processing systems.

Scope of Marketing

Marketing management has become the subject of growing interest for everybody in today's scenario. Therefore, it is of utmost importance to discuss the scope of marketing. It can be understood in terms of functions that a marketing manager performs. Let's discuss some of the issues that are undertaken by a marketing manager so as to elaborate the scope of marketing.

Marketing Research

While sitting in a company's office, no one can identify the needs and wants of the consumers. For that purpose, research has to be carried out in analysing the consumer's needs, their tastes and preferences, brand image of the product and effectiveness of certain advertisements etc. These are the major areas of research where a marketing manager requires information to be successful in market because by knowing these information, he takes timely, accurate and better decision. The marketing research not only gather information regarding certain problem but also suggests corrective and action oriented steps.

Product Planning and Development

A product is a bundle of utility offered to consumers to satisfy their needs. Through marketing research, a marketer is able to know the needs of the consumers but what kind of storage and transportation is required, it depends upon the nature of the product. Product must be according to the requirement and must also be according to the paying capacity of the consumers. There are number of decisions involved in this process like supplier of raw materia, packaging, storage and distribution etc.

Pricing

One of the important functions of a marketing manager is to determine the price of a product. Price is always influenced by the cost, services attached to it, government policy, competitors prices and marketer's requirement of profit margin. A good pricing policy is a significant factor to attract the consumers because price is the only 'p' of marketing mix which generates revenue for the organisations.

Financing

Financing of consumer purchasing has become an important part of modern marketing. The marketing manager plays an important role in the finance department in this regard and consequences thereto. In the era of global competition when there is fierce competition and so many alternatives are available to a customer, certain finance schemes have become an important device to increase the volume of sales. Since the interest rates has come down significantly, financing facilities have taken the shape of lubricants that facilitates the operation of the marketing machine. In the era when the world economy is passing through a great recession, these facilities help generating revenue for the respective organisations and consequently are helping the economy to revive back and for the consumers those who can afford to realise their dreams of having a colour TV or small car, can fulfill their dreams through these instruments of marketing.

Insurance

When goods and services are exchanged from one hand to another, from one place to another place, a large number of risk factors are involved. Marketing has now spread its arms to cover these risks through insurance activities. National calamities like flood and earthquake or damage of goods and services due to fire, theft or accident, may cause big losses and can hamper the entire business. The various insurance companies provide the protection against these risks by getting a nominal amount of premium in return.

Advertising

In this era of competitive world, advertising has become an important instrument in the hands of marketers. It makes the consumer aware about the product, makes him curious about the product and then force him for action and thus promote the sale. According to American Marketing Association "Advertising is a paid form of non-personal presentation by an identified sponsor". It is a non-personnel link between a marketer and the consumer. Through advertising marketers are able to position their products in the minds of the consumer through various media like newspapers, magazines, television, radio, hoardings, window display and internet etc.

Distribution

Study of distribution channel is important in marketing. For maximum sales and profit goods are required to be distributed to the maximum consumers at minimum cost.

Promotion

Promotion includes personal selling, sales promotion, and advertising. Right promotion mix is crucial in accomplishment of marketing goals.

Consumer Satisfaction

The product or service offered must satisfy consumer. Consumer satisfaction is the major objective of marketing.

Marketing Control

Marketing audit is done to control the marketing activities

Difference between marketing and selling

Marketing	Selling
1. Focusses on Customers needs	1. Focusses on Sellers needs
2. Begins before Production	2. Begins after Production
3. Continues after Sale	3. Comes to an end with Sale
4. A Comprehensive Term in terms of Meaning	4. A Narrow Term in terms of Meaning
5. Philosophy of Business	5. Routine day to day Physical Process
6. Profits through Customer Satisfaction	6. Profits through Sales Volume
7. Let the Seller be aware	7. Let the Buyer be aware
8. Integrated Approach	8. Fragmented Approach
9. Long-term Perspective	9. Short-term Perspective
10. Customer first then Product	10. Product first then Customer

Evolution of Marketing Concept

This marketing philosophy has undergone a thorough and gradual change since the great Industrial Revolution that took place during the latter-half of the 18th and first-half of the 19th centuries. This gradual change can be traced under four periods and captions namely, production orientation period, sales-orientation period, customer-orientation period and social orientation period.

1. Production Orientation Philosophy

Till 1930s, there prevailed a strong feeling that whenever a firm has a good product, it results in automatic consumer response and that needed little or no promotional efforts. This production-oriented marketing concept was built on “Good wine needs no push.” That is, if the product is really good and the price is reasonable, there is no need for special marketing efforts.

The assumptions of this concept are:

(i) Anything that can be produced can be sold,

(ii) The most important task of management is to keep the cost of production down.

(iii) A firm should produce only certain basic products.

2. Sales Orientation Philosophy

The failures of the production orientation philosophy of 1930s paved the way for change in the outlook that was possible during 1940s. This reshaped philosophy was sales-orientation that holds good to a certain extent even today.

The essence of sales orientation philosophy is “Goods are not bought but sold.” The maker of product must say that his product is best and he fails if he keeps mum.

The assumptions of this philosophy are:

(i) Producing the best possible product.

(ii) Finding the buyer for the product,

(iii) The management’s main task is to convince the buyers through high pressure tactics, if necessary.

3. Customer Orientation Philosophy

This philosophy was brought into play during 1950s and points out that the fundamental task of business undertaking is to study and understand the needs, wants, desires and values of potential consumers and produce the goods in the light of these findings so that consumer specifications are met totally.

Here, the starting point is the customer rather than the product. The enterprise is to commence with the consumer and end with the requisite product. It emphasizes the role of marketing research well before the product is made available in the market place.

1. The firm should produce only that product as desired by the consumer.

2. The management is to integrate all its activities in order to develop programmes to satisfy the consumer wants.

3. The management is to be guided by ‘long-range profit goals’ rather than ‘quick sales.’

4. Social Orientation Philosophy

There has been a further refinement in the marketing concept particularly during 1970s and 1980s. Accordingly, the new concept goes beyond understanding the consumer needs and matching the products accordingly.

This philosophy cares for not only consumer satisfaction but for consumer welfare or social welfare. Such social welfare speaks of pollution-free environment and quality of human life.

Thus, a firm manufacturing a pack of cigarettes for consumer must not only produce the best cigarettes but pollution-free cigarettes; an automobile not only fuel efficient but less pollutant one.

Company Orientations towards Market Place

The concept of marketing has evolved through different stages from production orientation to societal orientation. The modern concept of marketing highlights satisfaction of consumer needs and wants whereas the societal concept cares for the well being of the consumer as well as that of society. Let's discuss these orientations/philosophies/concepts one by one.

The Production Concept

It is one of the oldest philosophies in business. This concept views that consumers will prefer those products that are widely available and cheaper in cost. The organizations are production-oriented in nature and try to achieve high production efficiency and emphasize on wider supply of goods and services. This concept began in 1600s with the colonization of America and continued till the later part of 19th century. In those days, primary motive of the organizations was to make the product available to consumers and to kept the price low.

In those days, the demand of products used to exceeds the supply. In this particular situation consumers were more interested in obtaining the products rather than its quality and features. The producers used to enjoy the huge economies of scale and it was very difficult for the new entrant to enter into the market as the existent marketers used to enjoy a kind of monopoly situation. Henry Ford was the pioneer in the 1900s to expand the automobile market on the basis of production concept by providing his consumers only a single version of car i.e. T-model in black colour. But the marketers, after a certain period of time, could not get the best of consumer patronage. The reason was that the consumers were motivated to seek varieties while purchasing. As a result, the production concept fails to serve as the right marketing philosophy for the enterprises.

The Product Concept

The product concept assumes that consumers will buy the product that offers them the highest quality, the best performance, and the most features. A product orientation leads a company to try constantly to improve the quality of its product. Under this concept, it is believed by the managers that consumers prefer well-made products and can appreciate better quality and performance. Organizations that are devoted to the product concept of marketing, believe that consumers would automatically favour for products of high quality. The managers of these organizations spend considerable energy, time and money on research and development to introduce quality and variations in products. However, some of the managers are caught up in a love affair with their product and do not even realise that the product is not required in the market. This particular situation is described as 'marketing myopia' by the great philosopher of marketing Professor Theodore Levitt. Marketing myopia means a wrong and crooked perception of marketing and a short-sightedness about business. It is in form of excessive attention to the quality of the product thereby leaving other aspects without any due care. General Motors designed a beautiful small-sized car with each and every attribute in it but that was a total failure because at that time, that was not required by the consumers. The marketers can add any kind of attribute to their products but if the consumers are not aware of regarding the availability, how can they go for purchasing that particular product. This phenomenon gave birth to another concept i.e. selling concept.

The selling concept

The selling concept is based on the assumption that consumers are unlikely to buy a product unless and until they are actively and aggressively convinced to do so. The idea was evolved through the views of may academicians and practioners that unless you make your consumers aware about the product or if he/she is not persuaded, the consumers may develop a tendency to ignore your products. This philosophy maintains the view that an organization can not expect its products to get picked up automatically by the customers. The organization has to put certain amount of efforts consciously to push its products. In this concept, the firm makes the product first and then spells out how to sell it and make profit. Aggressive advertising, personal selling, large-scale promotional instruments like discounts and free gifts etc. are normally employed by the organizations to rely on this concept. The problem with the selling orientation is that it does not take consumer satisfaction into account. In this situation, when consumers are compelled to buy products that they don't need and consequently unhappiness is likely to be communicated through negative word-of-mouth that may dissuade other potential consumers from making a similar purchase. Furthermore, when the product or service is not in a position to fulfil the consumers' needs, there is a remote possibility of the repeat purchase.

The marketing concept

In the 1950s, some marketers started realising that they could sell more products with more ease and comfort, if they produced only those products which already had a place in the minds of the consumers. Instead of trying to sell them the products that had already produced, marketing-oriented firms strived to produce only those products which have been produced according to the needs of the consumers. The marketing concept emphasis that an organization should strive to satisfy the needs of the consumers by identifying them and then produce the products accordingly through a co-ordinated set of activities. Satisfying the customer should be the major focus of all the organisational activities. Here instead of focusing on quality or sale, consumer's need and desired satisfaction become the premise which is a must delivered phenomenon to be successful in the era of competition. To identify unsatisfied consumer needs, organisations had to go for extensive marketing research. While doing so, it was discovered that consumers were highly complex individuals, possessing a wide variety of innate and acquired needs. Hence, the study of consumer needs has become the basis of another discipline also i.e. consumer behaviour.

The societal marketing concept

As our society moves through the 1990s, the marketing concept continues to take on new meanings. The old and traditional concept of marketing has emphasised and focused on the satisfaction of consumers' needs and wants to meet the objectives and goals of the organisations. But the ever changing scenario in the field of marketing brought in a third consideration and that is the welfare of society. In this philosophy, emphasis is being placed on how certain marketing activities and efforts affect society as a whole in the era of limited resources, environmental degradation and global competition. This philosophy puts a question mark whether satisfying consumers' need serve the long term intervals of the society or not. Hence, the new concept emerged as the societal marketing concept where it is emphasised that besides satisfying consumer needs, long run societal welfare has to be considered by the marketers. The marketers have to adopt social and ethical considerations into their marketing practices. They must make a balance between the different criteria of organization's profits, consumer's satisfaction and public interest as a whole.

This section has dealt with the various philosophies of marketing which describes how the field of marketing evolved through the periods. Furthermore, a student of marketing must know about marketing management at introductory level.

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Holistic marketing concept

Holistic marketing concept is a part of the series on concepts of marketing and it can be defined as a marketing strategy which considers the business as a whole and not as an entity with various different parts.

According to holistic marketing concept, even if a business is made of various departments, the departments have to come together to project a positive & united business image in the minds of the customer. Holistic marketing concept involves interconnected marketing activities to ensure that the customer is likely to purchase their product rather than competition.

Holistic marketing is an integrative marketing paradigm that considers the full scope of a business as opposed to narrowly focusing on the development or execution of particular marketing activities. Here are a couple of definitions I've come across from other sources to better clarify the concept:

"A marketing strategy that is developed by thinking about the business as a whole, its place in the broader economy and society, and in the lives of its customers. It attempts to develop and maintain multiple perspectives on the company's commercial activities."

"A holistic marketing concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies. Holistic marketing recognizes that 'everything matters' with marketing and that a broad, integrated perspective is necessary to attain the best solution.

Marketing Environment

Every business firm consists of a set of internal factors and it also confronts with a set of external factors. The following figure gives a more clear and comprehensive picture about the different factors.

Micro Environment

It is the company's immediate environment where routine activities are affected by the certain actors. Suppliers, marketing intermediaries, competitors, customers and the publics operate within this environment. It is not necessary that the micro factors affect all the firms. Some of the factors may affect a particular firm and do not disturb the other ones. So, it depends on what type of industry a firm belongs to. Now let's discuss in brief some of the micro environmental factors.

(a) Suppliers

The supplier to a firm can alter its competitive position and marketing capabilities. These can be raw material suppliers, energy suppliers, suppliers of labour and capital. The relationship between suppliers and the firm epitomises a power equation between them. This equation is based on the industry conditions and the extent to which each of them is dependent on the other. For the smooth functioning of business, reliable source of supply is a prerequisite. If any kind of uncertainties prevail regarding the supply of the raw materials, it often compels a firm to maintain a high inventory which ultimately leads to the higher cost of production. Therefore, dependence on a single supplier is a risky proposition. Because of the sensitivity of the issue, firm should develop relations with different suppliers otherwise it could lead to a chaotic situation. Simultaneously firms should reduce the stock so as to reduce the costs.

(b) Customers

According to Peter F. Drucker "the motive of the business is to create customers", because a business survives only due to its customers. Successful companies recognise and respond to the unmet needs of the consumers profitably and in continuous manner. Because unmet needs always exist, companies could make a fortune if they meet those needs. For example it is the era when we could witness the increasing participation of women in the different jobs which has already given birth to the child care business, increased consumption of different household utilities like microwave ovens, washing machines and food processors etc. A firm should also target the different segments on the basis of their tastes and preferences because depending upon a single customer is often risky. So, monitoring the customer sensitivity is a pre condition for the success of business.

(c) Competitors

A firm's products/services are also affected by the nature and intensity of competition in an industry. A firm should extend its competitive analysis to include substitutes also besides

scanning direct competitors. The objective of such an analysis is to assess and predict each competitor's response to changes in the firm's strategy and industry conditions. This kind of analysis not only ensures the firm's competitive position in the market but also enables it to identify its major rival in the industry. Besides the existing competitors, it is also necessary to have an eye on the potential competitors who may enter the industry although forecasting of such competitors is a difficult task. Thus an analysis of competition is critical for not only evolving competitive strategy but also for strengthening a firm's capabilities.

(d) Marketing Intermediaries

Marketing intermediaries provide a vital link between the organisation and the consumers. These people include middlemen such as agents or brokers who help the firm to reach out to its customers. Physical distribution entities such as stockists or warehouse providers or transporters ensure the smooth supply of the goods from their origin to the final destination. There are certain marketing research agencies which assist the organisation in finding out the consumers so that they can target and promote their products to the right consumers. Financial middlemen are also there who finance the marketing activities such as transportation and advertising etc. A firm should ensure that the link between organisation and intermediaries is appropriate and smooth because a wrong choice of the link may cost the organisation heavily. Therefore, a continuous vigil of all the intermediaries is a must.

(e) Publics

An organisation has an interface with many publics during its life time. According to Cherrunilam "A public is any group that has an actual or potential interest in or impact on an organisation's ability to achieve its interests". The public includes local publics, media and action groups etc. The organisations are affected by certain acts of these publics depending upon the circumstances. For example if a business unit is establishment in a particular locality then it has to provide employment to the localites at least to the unskilled labour otherwise local group may harm that very business or they may interrupt the functioning of the business. The media has also to be taken into confidence because in turned hostile they may tarnish the image of the organisation unnecessarily. Simultaneously media may disseminate vital information to the target audiences. Action groups can also create hindrances in the name of exploitation of consumers or on the issue of environmental pollution. The business suffers due to their activities.

(B) Macro Environment

With the rapidly changing scenario, the firm must monitor the major forces like demographic, economic, technological, political/legal and social/cultural forces. The business must pay attention to their casual interactions since these factors set the stage for certain opportunities as well as threats. These macro factors are, generally, more uncontrollable than the micro factors. A brief discussion on the important macro environmental factors is given below:

(a) Demographic Environment

The first macro environmental factor that businessmen monitor is population because business is people and they create markets. Business people are keenly interested in the size and growth rate of population across the different regions, age distribution, educational levels, household patterns, mixture of different racial groups and regional characteristics. For ensuring the success of the business incessant watching of these demographic factors is a prerequisite. To enter into a particular segment, a marketer needs to understand composition of that segment with respect to different demographic factors in that very segment so as to decide the optimal marketing mix and also take certain strategic decisions related to it.

(b) Economic Environment

Besides people, markets require purchasing power and that depends upon current income, savings, prices, debt and credit facilities etc. The economic environment affects the demand structure of any industry or product. The following factors should always be kept in mind by the business people to determine the success of the business.

(i) Per capita income

(ii) Gross national product

(iii) Fiscal and monitory policies

(iv) Ratio of interest changed by different financial institutions

(v) Industry life cycle and current phase

(vi) Trends of inflation or deflation

Each of the above factors can pose an opportunity as well as threat to a firm. For example, in an under-developed economy, the low demand for the product is due to the low income level of the people. In such a situation a firm or company can not generate the purchasing power of the people so as to generate the demand of the products. But it can develop a low priced product to suit the low income market otherwise it will be slipped out from the market. Similarly, an industry gets a number of incentives and support from the government if it comes under the purview of priority sector whereas some industries face tough task if they are regarded as belonging to non-essential or low priority sectors.

(c) Technological Environment

Technology is a term that ignites passionate debates in many circles these days. According to some people technology have been instrumental in environmental destruction and cultural fragmentation whereas some others view that it has effected economic and social progress.

(d) Political/Legal Environment

Business decisions are strongly affected by developments in the political and legal environment. This environment consists of laws, regulations and policies that influence and limit various organisations. Sometimes these laws create opportunities for the business but these may also pose certain threats.

(e) Social-cultural Environment

Society shapes the beliefs, values, norms, attitudes, education and ethics of the people in which they grow up and these factors exercise a great influence on the businesses which by far are beyond the company's control. All these factors are classified as social-cultural factors of the business. The buying and consumption pattern of the people are very much determined by these factors and cost of ignoring the customs, tastes and preferences etc. of the people could be very high for a business. Consumers depend on cultural prescriptions to guide their behaviour, and they assume that others will behave in ways that are consistent with their culture.

BCG Matrix

Boston Consulting Group (BCG) Matrix is a four celled matrix (a 2 * 2 matrix) developed by BCG, USA. It is the most renowned corporate portfolio analysis tool. It provides a graphic representation for an organization to examine different businesses in it's portfolio on the basis of their related market share and industry growth rates. It is a two dimensional analysis on management of SBU's (Strategic Business Units). In other words, it is a comparative analysis of business potential and the evaluation of environment.

According to this matrix, business could be classified as high or low according to their industry growth rate and relative market share.

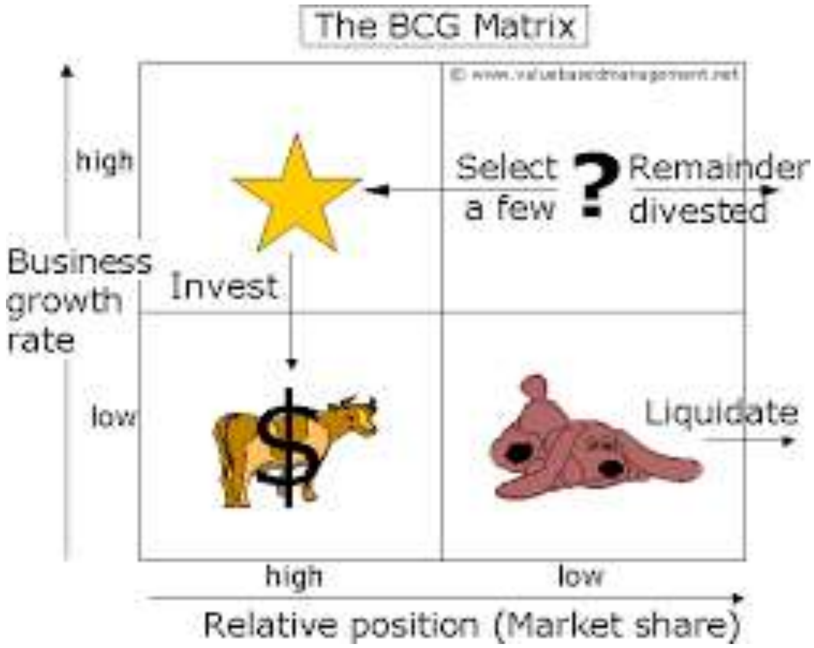
Relative Market Share = SBU Sales this year leading competitors sales this year.

Market Growth Rate = Industry sales this year - Industry Sales last year.

The analysis requires that both measures be calculated for each SBU. The dimension of business strength, relative market share, will measure comparative advantage indicated by market dominance. The key theory underlying this is existence of an experience curve and that market share is achieved due to overall cost leadership.

BCG matrix has four cells, with the horizontal axis representing relative market share and the vertical axis denoting market growth rate. The mid-point of relative market share is set at 1.0. if all the SBU's are in same industry, the average growth rate of the industry is used. While, if all the SBU's are located in different industries, then the mid-point is set at the growth rate for the economy.

Resources are allocated to the business units according to their situation on the grid. The four cells of this matrix have been called as stars, cash cows, question marks and dogs. Each of these cells represents a particular type of business.



Stars

Stars represent business units having large market share in a fast growing industry. They may generate cash but because of fast growing market, stars require huge investments to maintain their lead. Net cash flow is usually modest. SBU's located in this cell are attractive as they are located in a robust industry and these business units are highly competitive in the industry. If successful, a star will become a cash cow when the industry matures.

Cash Cows

Cash Cows represents business units having a large market share in a mature, slow growing industry. Cash cows require little investment and generate cash that can be utilized for investment in other business units. These SBU's are the corporation's key source of cash, and are specifically the core business. They are the base of an organization. These businesses usually follow stability strategies. When cash cows loose their appeal and move towards deterioration, then a retrenchment policy may be pursued.

Question Marks

Question marks represent business units having low relative market share and located in a high growth industry. They require huge amount of cash to maintain or gain market share. They require attention to determine if the venture can be viable. Question marks are generally new goods and services which have a good commercial prospective. There is no specific strategy which can be adopted. If the firm thinks it has dominant market share, then it can adopt expansion strategy, else retrenchment strategy can be adopted. Most businesses start as question marks as the company tries to enter a high growth market in which there is already a market-share. If ignored, then question marks may become dogs, while if huge investment is made, then they have potential of becoming stars.

Dogs

Dogs represent businesses having weak market shares in low-growth markets. They neither generate cash nor require huge amount of cash. Due to low market share, these business units face cost disadvantages. Generally retrenchment strategies are adopted because these firms can gain market share only at the expense of competitor's/rival firms. These business firms have weak market share because of high costs, poor quality, ineffective marketing, etc. Unless a dog has some other strategic aim, it should be liquidated if there is fewer prospects for it to gain market share. Number of dogs should be avoided and minimized in an organization.

Limitations of BCG Matrix

- The BCG Matrix produces a framework for allocating resources among different business units and makes it possible to compare many business units at a glance. But BCG Matrix is not free from limitations, such as-

- BCG matrix classifies businesses as low and high, but generally businesses can be medium also. Thus, the true nature of business may not be reflected.
- Market is not clearly defined in this model.
- High market share does not always leads to high profits. There are high costs also involved with high market share.
- Growth rate and relative market share are not the only indicators of profitability. This model ignores and overlooks other indicators of profitability.
- At times, dogs may help other businesses in gaining competitive advantage. They can earn even more than cash cows sometimes.
- This four-celled approach is considered as to be too simplistic.

Questions	Option 1	Option 2	Option 3	Option 4	Option 5	Answer
Marketing is the result of _______ of many activities	nteraction	Distraction	Diversion	Diversity		Interaction
An efficient distribution system is also capable of maintaining _____ stability	Price	Market	Demand	Quality		Price
The ultimate aim of marketing is to satisfy ____ wants.	Human	Luxurious	Unlimited	Limited		Human
The person who begins the process of considering a purchase is called ___________	Decider	Initiator	Mediator	Buyer		Initiator
The person who attempts to persuade others in the group concerning the outcome of the decision is called ___________	Mediator	Influencer	Decider	Initiator		Influencer
The individual with the power and / or financial authority to make the ultimate choice regarding which product to buy __________	Influencer	Initiator	Mediator	Decider		Decider
The __________ calls the supplier, visits the store, makes the payment and effects delivery	Decider	Buyer	Mediator	Initiator		Buyer
The actual consumer of the product is called ___________	Mediator	Initiator	User	Buyer		User
________means the actions and activities a person is supposed to perform	Buying	Role	Family	Selling		Role
_______is the process of selecting, organizing and interpreting information to derive meaning	Motivation	Personalization	Recognition	Perception		Perception

Maximum profit applicable only in _______ run	Short	Medium	Long	Long and Short		Long
________means an internal force that orients a person's activities towards need satisfaction	Personality	Perception	Motive	Culture		Motive
Marketing utility consists of ___________	Price	Place, price	Product, place, price and profit	Price, place, promotion and product		Price, place, promotion and product
The --------is used to convey the advertisement idea	advertiseme nt.	advertisement Research	advertisement copy	advertisement budget		advertisement copy
Advertisement promotes _____________.	Purchases	Production	Sales	Price		Sales
Agricultural products are _____________.	Perishable	Highly priced	Low quality products	Heterogeneou s goods		Heterogeneous goods
The social aspect of marketing is to ensure __________.	Price	demand	low price with high quality	service price		low price with high quality
Marketing is successful only when it yields ________ profits in the long run	Minimum	Maximum	Constant	Stable		Maximum
_________ is a process by which a product is branded	Brand	Branding	Packaging	Pricing		Branding
Facilities for sale and purchase of agricultural products are available in __________	commodity exchange	regulated market	stock exchange	unregulated market		regulated market

Fixing a high price for a new product will be called as __________	price skimming	price segmentation	dual pricing	customary pricing		price skimming
Marketing research is concerned with ___________.	anticipation of production	Supply position	Financial problems	solution to specific problems of		solution to specific problems of marketing
Brand loyalty refers to product ____________	identificatio n	recognition	preference	insistence		insistence
Middlemen will increase the ________________.	price of the product	quality of the product	profit of the product	time and place utility of the product		time and place utility of the product
Sales management deals with ___________	Sales	product	Profit	Market		Market
The process of subdividing total markets into several sub market is ___________	market fluctuations	market positioning	market segmentation	market penetration		market segmentation
Mercatus means ___________	Buying	To sell	To assemble	To trade		To trade
When advertising is reached to the residential place of the people it is called ________	promotional advertising	outdoor advertising	indoor advertising	direct advertising		indoor advertising
________ is an element of buying	financing	assembling	risk bearing	customer services		assembling
Consumer purchasing power is determinate by _________.	Salary	Disposable income	Total income	Price		Disposable income

A group of products that are closely related called __________.	Product mix	Product line	Product items	Product diversification		Product line
Price and competition is increasingly servers in ______.	Decline stage	Growth stage	Maturity stage	Introduction stage		Growth stage
__________ is demand based pricing	target pricing	mark up pricing	marginal pricing	skimming pricing		mark up pricing
The main aim of regulated markets is _____________.	eliminate the middle man	to earn more profit	increase the sales	avoid distribution cost		eliminate the middle man
Identify the one which comes under service marketing ______	Insurance	Motor cars	Refrigerators	television		Insurance
Agmark standardization is given to ______	industrial goods	agricultural goods	imported goods	consumer goods		agricultural goods
Marketing begins and end with __________	Consumer	Transport	Price	Product		Consumer
___________ is the first step in marketing	Buying	Selling	Assembling	Financing		Buying
Transportation creates _____utility	Time	Place	Form	Storage		Place
Warehouse creates __________ utility.	Place	Time	Storage	Form		Time

Trading up is the act of ____ high priced prestigious products to existing product line	Adding	Subtracting	Deleting	Maintaining		Adding
Selling is an act of _________	Persuasion	Illusion	Forcing	communicatio n		Forcing
Price is a ________ term.	absolute	Relative	Composite	standard		Absolute
_________ is the policy adopted by manufacturers to get success in the field of marketing.	Marketing mix	Product mix	Promotional mix	Price mix		Marketing mix
_________ creates a particular image in the minds of consumer	Branding	Personal selling	Grading	Product planning		Branding
The second element to effect the volume of sales is________	Price	product	promotion	Distribution		Price
Anything which possess utility is ________.	Stock	Finished goods	Raw materials	Product		Product
________are the general rules set up by the management itself in making product decisions	Product planning	Product mix	Product packing	Product policy		Product policy
_______ is a group of products that are closely related.	Product mix	Product positioning	Product line	Product development		Product line
_____ is defined as the exchange of goods or services in terms of money	Product	Price	Grading	Branding		Price

_______ is the high initial of the product at the time of introduction of the product in the market	Penetrating price	High pricing	Moderate pricing	Skimming price		Skimming price
______ is allowed in the form of deductions from the list price	Trade discount	Quantity decisions	Cash discount	Seasonal discount		Trade discount
_________ is price at which a retailer sells the products to his buyers	Retail price	Whole sale price	FOB price	Administered price		Retail price
________ creates a non personal stimulation of demand in advertising.	Production	Public relation	Distribution	Pricing		Pricing
________ and other forms of promotion are supported by advertisement	Personal selling	Branding	Promotion	Publicity		Personal selling
__________ are published according to the taste or liking of the public	Journals	News paper	Special issues	Magazines		Magazines
________ influences the buyer to buy a product.	Price	Packing	Personal selling	Grading		Personal selling
Products reach the hands of customers through a number of channels, among them the main channel is __________	wholesaler	distributor	retailer	agents		wholesaler
_______ is concerned with the collection of goods with the same type from different sources	Trading	Selling	Buying	Assembling		Assembling
Marketing mix consists of Price, Product, _________	time and Plac	Promotion and Place	Place and Pupil	Pupil and promotion		Promotion and Place

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KARPAGAM UNIVERSITY
DEPARTMENT OF MANAGEMENT
II BBA – III SEMESTER
PRINCIPLES OF MARKETING (18BAU301)

UNIT II

Meaning of Market segmentation

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations.

Definition

Market segmentation can be defined as the process of dividing a market into distinct subsets of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix.

–Schiffman and Kanuk

As per S.J. Skinner: Market segmentation is the process of dividing a total market into groups of consumers who have relatively similar product needs.

Rajan Saxena defines segmentation as the process of dividing a heterogeneous market into homogenous sub units.

So, on the basis of the above definitions, it can be concluded that segmentation is to divide a market consists of consumers with diverse characteristic and behaviours into homogenous segments that contain persons who will all respond similarly to a firm's marketing effort. When this is done, the company is in a position to answer "What are our target markets."

Levels of Market Segmentation

The number of possible segments that will result from a segmentation analysis can be as few as one or as many as the total number of consumers that are in the total market. The marketer's choice of segments should reflect actual similarities in consumer background characteristics and behaviors that will result similar purchase decisions. Typically, various kinds of markets can result from a segmentation analysis.

Mass Marketing

In mass marketing consumers are indistinguishable and all are in one segment. Here the seller engages in the mass production, mass distribution, and mass promotion of one product for all buyers. The essence of this strategy was summed up by the entrepreneur Henry Ford, who offered the Model T automobile to the public "in any colour they wanted, as long as it was black". Mass marketing would be a logical strategy if all consumers were alike regarding their needs, wants and demands with same background, education and experience. Its primary advantage is that it costs less. But in the diversified market, this strategy does not seem logical and ultimately marketers end up with the strategy of 'segmented market'.

Segment Marketing

A segmented market is one in which meaningful differences among consumers result in a modest number of segments. Here the segment consists of a group of customers who share a similar set of wants. The strategy of segmentation allows producers to avoid head-on competition in the market by differentiating their offerings, not only on the basis of price, but also through styling, packaging, promotional appeal, method of distribution, and superior service.

Niche Marketing

Nowadays marketers are increasingly using highly focused marketing programmes to target small consumer niches with products and services that fit their interests and life-styles. Niche marketing is sometimes also called micro-marketing. Marketers usually identify niches by dividing a segment into sub-segments. The customers in the niche have a different set of needs and they are also ready to pay a premium to the firm that best satisfies their needs. The niche is not likely to attract competition from the other marketers. For example, Ferrari gets a high price for its cars because loyal buyers feel no other automobile comes close to offering the product, service membership benefit bundle that Ferrari does.

Local Marketing

When marketing programmes are designed to cater the needs and wants of local customer groups (trading areas, neighborhoods, individual stores). For example Punjab National Bank and State Bank of India provide different mixes of banking services in their different branches, depending on neighborhood demographics.

Individual Customer Marketing

When a marketer detects as many segments as there are consumers, so that each segment is composed of only one consumer, it has been identified an individual marketing or a customized marketing. This results when the marketer believes that no two consumers will respond the same way to its marketing efforts. As a result, the marketer is forced to produce a customized product specifically designed and positioned for each consumer to whom it wants to market. Health and exercise marketers provide examples of customized marketing. They are the personal trainers who develop a customized exercise programmes for their clients and exercise with them on individual basis. Today the information revolution is enabling a growing number of companies to mass-customize their offerings. Mass-customisation is the ability of a company to prepare on a mass basis individually designed products, services, programmes, and communication to meet each customer's requirements. It is a strategy that mobilizes the combined power of mass production technologies and computers to make varied, customized products for individual customers.

Bases for Segmentation

The first step in developing a segmentation strategy is to select the most appropriate bases on which to segment the market. Five major categories of consumer characteristics provide the most popular bases for market segmentation. They include geographic factors, demographic factors, psychological factors, socio-cultural variables, and use related factors etc. Let's discus these factors in brief.

❖ **Geographical Segmentation**

In geographic segmentation, the market is divided by location. The theory behind this strategy is that people who live in the same area share some similar needs and wants and that these needs and wants differ from those of people living in other areas. For example, certain food products sell better in one region than in others. Some marketing theorists and marketing practitioners believe that worldwide satellite television transmission and global communication networks have erased all regional boundaries and therefore, that geographic segmentation should be replaced by a single global marketing strategy. Other marketers, have, for a number of years, been moving in the opposite direction and developing highly regionalized marketing strategies. In summer, geographic segmentation is a useful strategy for many marketers. It is relatively easy to find geographically based differences for many products.

❖ **Demographic Segmentation**

Demographic characteristic, such as age, sex, marital status, income, occupation and education are most often used as the basis for market segmentation. Demography refers to the vital and measurable statistics of a population Demographics help to locate a target market, whereas psychological and socio-cultural characteristics help to describe how its members think and how they feel. Demographic information is the most accessible and cost-effective - Way to identify a target market. Indeed, most secondary data, including census data, are expressed in demographic terms. Demographics are easier to measure than other segmentation variables. They are invariably included in psychographic and socio-cultural studies, because they add meaning to the findings. Demographic variable reveal ongoing trends, such as shifts in age, sex (gender), and income distributions, that signal business opportunities.

- **Psychological/Psychographic Segmentation**

Psychological characteristics refer to the inner or intrinsic qualities of the individual consumer. Consumer segmentation strategies are often based on specific psychological variables. For instance, consumers may be segmented in terms of their needs and motivations, personality, perceptions, learning, level of involvement, and attitudes. For example Colgate Palmolive, AT & T services, Kentucky fried Chicken and Nescafe Coffee. Marketers conduct psychographic research to capture insights and create profiles of the consumers they wish to target.

- **Socio-cultural Segmentation**

Sociology and anthropological variables- that is, socio-cultural variables- provide further bases for market segmentation. For example, consumer markets have been successfully subdivided into segments on the basis of stage in the family life cycle, social class, core cultural values, sub-cultural memberships, and cross-cultural affiliation

- **Family Life Cycle**

Family life cycle segmentation is based on the premise that many families pass through similar phases in their formation, growth and final dissolution. At each phase the family unit needs different products and services. Family life cycle is a composite variable based explicitly on marital and family status, but implicity including relative age, income, and employment status. Each of the stages in the traditional family life cycle (Le. bachelorhood, honeymooners, parenthood, past parenthood, and dissolution) represents an important target segment to a variety of marketers.

❖ **Social Class**

Social class (or relative status in the community) is a potential segmentation variable. It is traditionally “measured” by a weighted index of several demographic variables, such as education, occupation, and income. The concept of social class implies a hierarchy in which individuals in the same class generally have the same degree of status, while members of other classes have either higher or lower status. Marketers regularly have used their knowledge of social class differences to appeal up specific segments. Many major banks, for example, offer a variety of different levels of service to people of different social classes. (e.g. private banking services to the upper classes).

❖ **Culture, Subculture and Cross Culture**

Some marketers have found it useful to segment their domestic and international markets on the basis of cultural heritage, because members of the same culture trend to share the same values, beliefs, and customs. Marketers who use cultural segmentation stress specific, widely held cultural values with which they hope consumers will identify. Cultural segmentation is particularly successful in international marketing, but in such instances, it is important for the marketer to understand fully the beliefs, values, and customs of the countries in which the product is marketed.

❖ **Use-Related Segmentation**

An extremely popular and effective form of segmentation categories consumers in terms of product, service, or brand usage characteristics, such as usage rate, awareness status, and degree of brand loyalty. Rate of usage segmentation differentiates among heavy users, medium users, light users, and non users of a specific product, service or brand". Marketers of a host of other products have also found that a relatively small group of heavy users account for a disproportionately large percentage of product usage and that targeting these heavy users has become the basis of their marketing strategy. Other marketers take note of the gaps in market coverage for light and medium users and profitably target these segments. Awareness status encompasses the notion of consumer awareness, interval, level, on buyer readiness. Marketers have to determine whether potential consumers are aware of the product, interests in the product, or need to be informed about the product. Sometimes, branch loyalty is used as the basis for segmentation. Marketers often try to identify the characteristics of their brand loyal consumers so that they can direct their promotional efforts to people with similar characteristics in the larger population.

Criteria for Effective Targeting Of Market Segments

The previous sections have described various bases on which consumers can be clustered into homogenous market segments. The next challenge for the marketer is to select one or more segment to target with an appropriate marketing mix. To be an effective target, a market segment should be (I) identifiable, (2) sufficient (in terms of size), (3) stable or growing, and (4) reachable (accessible) in terms of media and cost.

Identification

To divide the market into separate segments on the basis of a common need or characteristics that is relevant to the product or service, marketers must be able to identify the relevant characteristic. Some segmentation variables such as geography (location) or demographics (age, gender, occupation are relatively easy to identify or are even observable. Others, such as education, income, or marital status, can be determined through questionnaires. Still other characteristics, such as benefits sought or life style, are more difficult to identify. The knowledge of consumer behaviour is especially useful to marketers who use such intangible consumer characteristics as the basis for market segmentation.

Sufficiency

For a market segment to be worldwide target it must have a sufficient number of people to warrant tailoring a product or promotional campaign to its specific needs or interests to estimate the size of each segment under consideration, marketers often use secondary demographic data.

Stability

Most marketers prefer to target consumer segments that are relatively stable in terms of demographic and psychological factors and needs and that are likely to grow larger over time. They prefer to avoid “Fickle” segments that are unpredictable in embracing facts. For example, teens are a sizeable and easily available market segment, eager to buy, able to spend, and easily reached. Yet, by the time a marketer produces merchandise for a popular teenage fad, interest in it may have wanted.

Accessibility

A fourth requirement for effective targeting is accessibility, which means that marketers must be able to reach the market segments they want to target in an economical way. Despite the wide availability of special interest magazines and cable TV programmes, marketers are constantly looking for new media that will enable them to reach their target markets with a minimum of waste circulation and competition.

Evaluating the Market Segments

1. Single Segment Concentration

In this case, the marketer prefers to go for single segment. In our hypothetical example, the company X uses this strategy when it produces a typical product for a single type of market like plasma TV. In real life, companies like Allahabad Law Agency (only law books) and BPB publications (only Computer books) are good examples. The company may adopt this strategy if it has strong market position, greater knowledge about segment-specific-needs, specified reputation and probable leadership position.

2. Selective Segment Specialisation

This is known as multistage coverage because different segments are sought to be captured by the company. The company selects a number of segments each of which is attractive, potential and appropriate. There may be little or no synergy among the segments, but this strategy has the advantage of diversifying the firm's risk.

In our example, if the company X produces plasma TV as well as Walkman, the two different types of products obviously for two different types of markets, then it can be cited as an example of Selective Segment Specialisation strategy. Bata shoes were mostly in the popular segment until beginning of 1990s. Then, it turned itself into premium segment while still retaining the appeal of popular segment. The taking of select segments of shoe market could not help Bata to gain full control of market. After 1995, it has come back again to the popular segment.

3. Market Specialisation:

Here the company takes up a particular market segment for supplying all relevant products to the target group. In our example, the company X can implement Market Specialisation strategy by producing all sorts of home appliances like TV, washing machine, refrigerator and micro oven for middle class people.

Here the chosen segment is the middle class and the firm specializes in that market only. Sudha Publications Pvt. Ltd. publishes and sells books for the students and job-hunters that include competition books (CAT, IIT-JEE, IAS), general knowledge books and personality development books.

4. Product Specialisation:

Product specialisation occurs when a company sells certain products to several different types of potential customers. In our example, if the company X produces only a particular type of gizmo like toaster that is consumed by all type of people, they we can say that the company uses Product Specialisation strategy. Product specialisation promises strong recognition of customer within the product areas. Super Precision Components supply small nuts and screws for use in military, industry and daily use.

5. Full Coverage:

The company attempts to serve all customer groups with all the products they might need. Only very large firms can undertake a full market coverage strategy that can be done in 2 ways:

i. Undifferentiated marketing or convergence:

The company ignores market segment differences and goes after the whole market with one market offer. It focuses on a basic buyer need rather than on differences among buyers.

ii. Differentiated marketing or divergence:

The company operates in several market segments and designs different programmes for each segment. It creates more total sales than the former. But the following costs would be higher:

a) Product modification cost

b) Manufacturing cost

c) Administrative cost

e) Promotion cost

As both the sales and the costs are higher, the profitability for this strategy cannot be ascertained. Companies should be cautious about over segmenting the market.

Approaches for Selecting Target Markets

Once a firm understands its markets and the appropriate bases for segmenting those markets, it must choose an approach for selecting its target markets. There are three different approaches for selecting target markets: the undifferentiated approach, the concentration approach; approach, and the multi segment approach.

(a) Undifferentiated Approach

In the undifferentiated (or total-market) approach, a company develops a single marketing mix and directs it at the entire market for a particular product. This approach is used when an organisation defines the total market for a particular product as its target market. A company using the undifferentiated approach assumes that individual customers in the target market for a specific type of product have similar needs. Therefore, the firm creates a single marketing mix that it hopes will satisfy most of those customers.

The company makes the type of product with little or no variation, sets one price, designs one promotional programme aimed at everyone, and establishes one distribution system to reach all customers in the total market. Products that can be marketed successfully with the undifferentiated approach include staple food items such as sugar and salt, certain kinds of farm produce, and other goods that most customers think of as identical to competing products.

Companies that use the undifferentiated approach often try to distinguish their own products from competitors' products through marketing activities. When a company tries to convince consumers that its products are superior and preferable to competing brands, it is utilizing product differentiation.

Product differentiation enables a firm to distinguish its product from competitors' products without dramatically altering the physical characteristic of the product. For instance, if a gasoline company marketed unloaded gasoline to the total market without product differentiation, it would be difficult for consumers to select one type of gasoline over another. By using product differentiation such as promotions that claim its gasoline provides better mileage, clean engines, or eliminates engine knock an oil company can differentiate its gasoline from that of its competition for product differentiation to be effective, the characteristic used to distinguish one brand from another must be important to a large number of consumers in the total market.

(b) Concentration Approach

When an organisation directs its marketing efforts toward a single market segment through a single marketing mix, it is using a concentration approach.

A major advantage of the concentration approach is that it allows a company to focus all its marketing efforts on a single segment. The company can analyse the characteristics and needs of distinct customer group and then direct all its efforts toward satisfying that groups needs. A firm can generate a large volume of sales by reaching a single segment. The concentration approach also enables a firm with limited resources to compete with larger organizations, in the same market.

A major disadvantage of the concentration approach is that if a company depends on a single market segment for its sale and that segment's demand for the product declines, the company's sales and profits will also decline. Moreover, when a firm dominates one segment of a market, its popularity and reputation may keep it from moving into other segments.

(c) Multi-segment Approach

An organisation using the multi-segment approach directs its marketing efforts at two or more segments by developing a marketing mix for each segment.

A firm may use the multi segment approach after successfully using the concentration approach on one market segment and expanding to other segments.

A business using-the multi segment approach can usually increase its sales in the total market by focusing on more than one segment because the firm's mixes are reaching more people. A firm with excess production capacity may find the multi segment approach practical because the development of products for additional market segments may use up the excess capacity. However production and marketing costs may be higher with the multi-segment approach because it often requires a great number of production processes, materials, and skills, as well as several different promotion, pricing and distribution methods.

Product Positioning

Once the market has been segmented and attractive segments have been identified, the next task is to work within a targeted segment to position the product in the minds of the consumers and develop a marketing mix that will satisfy the consumer.

Product Positioning

Product positioning is the creation of a clear image in the minds of consumers within the targeted segment about the nature of the product and the benefits to be gained from purchasing the product. Positioning is the complement of segmentation. That is, segmentation identifies those segments of the population that will act similarly and develops products to meet each segment's needs, whereas, positioning in conveys information about the products back to the segments for which they are appropriate.

Product positioning is achieved through a wide variety of marketing mix programmes in product design, pricing, distribution, and promotion consumer background characteristics are addressed primarily by creating advertising that features individuals who possess the characteristics of the target segment, but pricing must also be suitable for the economic attributes of the target market, and distribution must occur in the appropriate geographical areas. For example, Mercedes Benz advertises in magazines that reach upscale audiences and situates dealership in areas frequented by high income consumers.

Motivation and needs shape the product design by dictating the benefits the product must offer to its purchases. The level of motivation, through its influence the effort consumers will exert in perceiving and learning about the product as well as the strength of the attitudes they hold about the product. The box below discusses the pleasures of consumption that come from sharing a purchase experience with others in a reference group who share common background characteristics.

Strategies to Position Products

Many ways exist for positioning a product or service (or even an organisation). The following illustrate some of these approaches. It should be noted that combinations of these approaches are also possible.

(i) Position on Product Features

The product may be positioned on the basis of product features. For example, an advertisement may attempt to position the product by reference to its specific features. Although this may be a successful way to indicate product superiority, consumers are generally more interested in what such features mean to them, that is, how they can benefit by the product.

(ii) Position on Benefits

This approach is closely related to the previous method. Toothpaste advertising often features the benefit approach, as the examples of crest (decay prevention), close-up (sex appeal through white teeth and fresh breath), and Aquafresh (a combination of these benefits) illustrate.

iii) Position on Usage

This technique is related to benefit positioning. Many products are sold on the basis of their consumer usage situation. Companies have sometimes sought to broaden their brand's association with a particular usage or situation. Campbells soup for many years was positioned for use at lunch time and advertised extensively over noon time radio. It now stresses a variety of uses for soup (recipes are on labels) and a broader time for consumption, with the more general theme "Soup is good food".

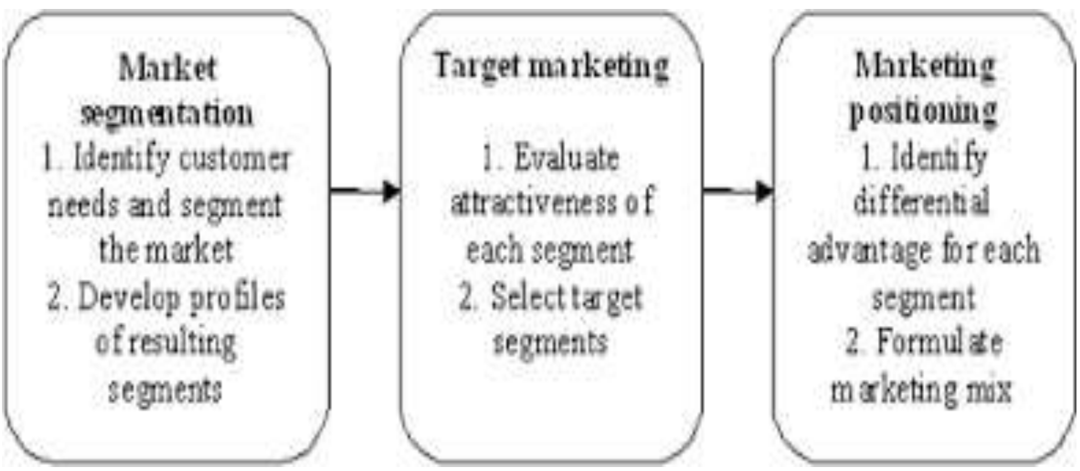
(iv) Position on User

This approach associates the product with a user or a class of users. Some cosmetics companies seek a successful, highly visible model as their spokesperson as the association for their brand. Other brands may pick a lesser known model to portray a certain lifestyle in its ads. (revlon's charlie cosmetic line, for example).

(v) Position Against Competition

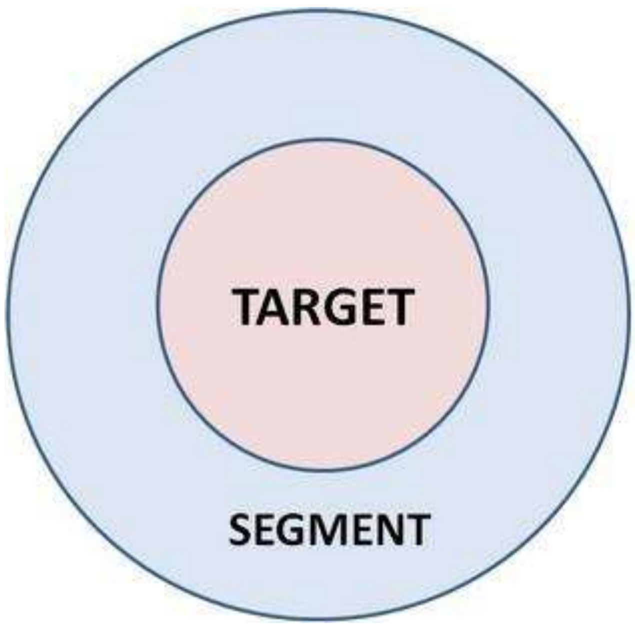
Often, success for a company involves looking for weak points in the positions of its competitors and them launching marketing attacks· against those weak points. In this approach, the marketer may either directly on indirectly make comparison with competing products. For example, the famous "Uncola" campaign successfully positioned up as an alternative to coke, Pepsi and other colas.

Difference between segmentation, Targeting, Positioning



One of the first principles of Marketing management is segmentation targeting and positioning also known as STP. However, all the three concepts are so parallel to each other that marketers may not understand importance of keeping them separate and the role that each of them play in a marketing strategy.

The first step which takes place in STP is the segmentation part. This is mainly because, before segmentation, the customer base is known as a population. The population is comprised of a group of people, which have no differentiation between them. However, you cannot market to just a group of people because you might be wasting resources. You do not know which strategy to use or how to market.



This is where segmentation comes in. Segmentation helps you define your population in smaller group or segments. And that is its basic role. Take the example of someone who wants to market Shoes. For him the complete population is a market. However, he will further divide them into segments by categorizing them as Young, Middle aged, Old etc. Thus now he has his segments in hand.

Once you know your segments, you start targeting those segments. Thus targeting can be said to be a sub concept of Segmentation. Targeting plays a critical role in your marketing mix. If you are targeting the youngsters segment, then your products need to be more creative, more colorful and cheaper. But if you are targeting the middle aged working classes, your product needs to be elegant, it is ok to be high priced as they have buying power, and your promotions need to be different. Thus targeting will affect the Marketing mix.

Repositioning

Repositioning refers to the major change in positioning for the brand/product. To successfully reposition a product, the firm has to change the target market's understanding of the product. This is sometimes a challenge, particularly for well-established or strongly branded products.

Firms may consider repositioning a product due to declining performance or due to major shifts in the environment. Many firms choose to launch a new product (or brand) instead of repositioning because of the effort and cost required to successfully implement the change.When a company sees a decrease in sales over time and/or major changes coming down the line, they know it is time to implement changes within the company. Brand repositioning is when a company changes a brand's status in the marketplace. This typically includes changes to the marketing mix, such as product, place, price and promotion. Repositioning is done to keep up with consumer wants and needs.

Product repositioning

The product is modified to make it more acceptable to its present target market. Customer requirements may have changed and the product has to be modified to be able to serve the new needs effectively.

The company may have acquired new resources and competencies enabling it to modify the product so that it serves the target market better.

Intangible repositioning

The company targets different market segments with the same product. The company is able to locate a segment which has requirements, similar to the requirements of the segments it is serving. The company retains its value proposition and offers it to new segments.

Tangible repositioning

Both product and target market are changed. A company may decide to move up or down a market by introducing a new range of products to meet the needs of the new target customers.

Strategies of positioning

To implement brand repositioning the company must choose a strategy. Each strategy determines where the main focus of the new campaign will be. The new campaign may focus on the consumer, other businesses or the general public. Let's review some available strategies.

1. Consumer engagement

People want to be involved with the brand. They want to feel like they belong. To make this happen, businesses have to work to customize the products to fit consumer needs. How can this be done? You have to get creative and figure out what people want. For example, ZinePak is a company that saw the decrease in music sales and took the opportunity to work with artists to change the way they communicate with super fans. The company does this through the creation of physical merchandise to pair with the artists' CDs. The company helps build brands through engaging consumers. It is a win-win.

2. Identity

The most important aspect of building a brand is to give the company an identity. The brand is tied together through the logo, slogan, color scheme, marketing materials, employees, etc. Everything about the company should tie together and provide a unified identity that the consumer can understand.

3. Spirit of giving

The world is starting to expect businesses to be socially responsible and embrace the spirit of giving. Social responsibility is an organization's obligation to better the welfare of society. To utilize this strategy the company can include its partnership with charities in its advertising.

UNIT 3

Questions	Option 1	Option 2	Option 3	Option 4	Option 6	Answer
The words used to convey the advertisement idea is _______.	advertisement.	advertisement Research	advertisement copy	advertisement budget		advertisement copy
Advertisement promotes ____________.	Purchases	Production	Sales	Price		Sales
Agricultural products are ____________.	Perishable	Highly priced	Low quality products	Heterogeneous goods		Heterogeneous goods
The social aspect of marketing is to ensure _________	Price	demand	low price with high quality	service price		low price with high quality
________ is a process by which a product is branded	Brand	Branding	Packaging	Pricing		Branding
Facilities for sale and purchase of agricultural products are available in _________	commodity exchange	regulated market	stock exchange	unregulated market		regulated market
Fixing a high price for a new product will be called as _________	price skimming	price segmentation	dual pricing	customary pricing		price skimming
Marketing research is concerned with _________.	anticipation of production	Supply position	Financial problems	solution to specific problems		solution to specific problems
Brand loyalty refers to product ___________	identification	recognition	preference	insistence		insistence

Middlemen will increase the ________________.	price of the product	quality of the product	profit of the product	time and place utility of the		time and place utility of the
Sales management deals with ___________	Sales	product	Profit	Market		Market
The process of subdividing total markets into several sub market is ___________	market fluctuations	market positioning	market segmentati on	market penetration		market segmentati on
Sales management deals with ___________	Sales	product	Profit	Market		Market
The process of subdividing total markets into several sub market is ___________	market fluctuations	market positioning	market segmentati on	market penetration		market segmentati on
When advertising is reached to the residential place of the people it is called ________	promotiona l advertising	outdoor advertising	indoor advertising	direct advertising		indoor advertising
________ is an element of buying	financing	assembling	risk bearing	customer services		assembling
Sales promotion tool includes __________.	Appeals	Coupons	Vertical marketing	Price		Coupons
Standardization includes _________.	estimating demand	locating sources of supply	grading	product line		grading
The prime object of marketing is __________	profit	service	sales	consumer satisfaction		consumer satisfaction

Markets are created by________	nature	Economic force	Business men	Product		Economic force
Consumer purchasing power is determined by ________.	Salary	Disposable income	Total income	Price		Disposable income
A group of products that are closely related called _________.	Product mix	Product line	Product items	Product diversificat ion		Product line
Price and competition is increasingly servers in ______.	Decline stage	Growth stage	Maturity stage	Introductio n stage		Growth stage
Identify the one which is demand based pricing______	target pricing	mark up pricing	marginal pricing	skimming pricing		mark up pricing
The main aim of regulated markets is ____________.	eliminate the middle man	to earn more profit	increase the sales	avoid distribution cost		eliminate the middle man
Identify the one which comes under service marketing ______	Insurance	Motor cars	Refrigerato rs	television		Insurance
Agmark standardization is given to ______	industrial goods	agricultural goods	imported goods	consumer goods		agricultural goods
Marketing begins and end with _________	Consumer	Transport	Price	Product		Consumer
__________ is the first step in marketing	Buying	Selling	Assemblin g	Financing		Buying

Transportation creates _____utility	Time	Place	Storage	Form		Place
Warehouse creates _________ utility.	Place	Time	Form	Storage		Time
Trading up is the act of ____ high priced prestigious products to existing product line	Adding	Subtracting	Deleting	Maintainin g		Adding
Selling is an act of _________	Persuasion	Illusion	Forcing	communica tion		Forcing
Price is a ________ term.	absolute	Relative	Composite	standard		Absolute
. _________ is the policy adopted by manufacturers to get success in the field of marketing.	Marketing mix	Product mix	Promotiona l mix	Price mix		Marketing mix
_________ creates a particular image in the minds of consumer	Branding	Personal selling	Grading	Product planning		Branding
The second element to effect the volume of sales is________	Price	product	promotion	Distributio n		Price
Anything which possess utility is ________.	Stock	Finished goods	Raw materials	Product		Product
________are the general rules set up by the management itself in making product decisions	Product planning	Product mix	Product packing	Product policy		Product policy

_______ is a group of products that are closely related.	Product mix	Product positioning	Product line	Product developme nt		Product line
_____ may be defined as the exchange of goods or services in terms of money	Product	Price	Grading	Branding		Price
_______ is the high initial of the product at the time of introduction of the product in the market	Penetrating price	High pricing	Moderate pricing	Skimming price		Skimming price
______ is allowed in the form of deductions from the list price	Trade discount	Quantity decisions	Cash discount	Seasonal discount		Trade discount
_________ is price at which a retailer sells the products to his buyers	Retail price	Whole sale price	FOB price	Administer ed price		Retail price
________ creates a non personal stimulation of demand in advertising.	Production	Public relation	Distributio n	Pricing		Pricing
________ and other forms of promotion are supported by advertisement	Personal selling	Branding	Promotion	Publicity		Personal selling
__________ are published according to the taste or liking of the public	Journals	News paper	Special issues	Magazines		Magazines
________ influences the buyer to buy a product.	Price	Packing	Personal selling	Grading		Personal selling
_______ brings change in the ownership of products.	Exchange	Storing	Promotion	MIS		Exchange

______are the major channel components who help in the transfer of goods from the hands of producer to consumer	Middleman	Salesmen	Manufacturer	Creditor		Salesmen
_______system existed in the initial stage of marketing	Sales	Barter	Exchange	Purchase		Barter
In _____ market, goods are exchanged and the physical delivery of goods takes immediately	Future	Perfect	Spot	Bullion		Spot
In _______ Market, there are large number of buyers and sellers meet	Imperfect	Bullion	Retail	Perfect		Perfect
_______ is all psychological, social and physical behavior of potential consumer.	Consumer behavior	Seller behavior	Manufacturer behavior	Household behavior		Consumer behavior
A buyer makes a purchase of a particular product or a particular brand is termed as ____	Selection motives	Purchase motives	Product buying motives	Patronage motives		Product buying motives
________ includes advertising, sales and personal selling.	Distribution	Warehousing	Promotion	transportation		Promotion
whether, what, when, how and from whom to purchase goods and services can be termed as __________	Seller behavior	Manufacturer behavior	Household behavior	Buyer behavior		Buyer behavior
Motives refer to strong ___________.	Purchasing power	Emotions	Needs	Behavior		Emotions
Buying decision of a customer depends on his_____.	Promotion	Price	Attitude	Product		Attitude

A satisfied buyer is a silent a (an)_______.	Advertisement	Salesman	Promotion	Target market		Advertisement

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DEPARTMENT OF MANAGEMENT
II BBA – III SEMESTER
PRINCIPLES OF MARKETING (18BAU301)

UNIT III

Product Definition

- A product is anything that can be offered to a market to satisfy a want or need.
- A product is "a set of tangible and intangible attributes, including packaging, colour, price, manufacturer's prestige, retailer's prestige, manufacturer's and retailer's services, which the buyer may accept as offering satisfaction of wants or needs.

Leve1s of Product

Core benefit

In planning its market offering, the marketer needs to think through five levels of the product. Each level adds more customer value, and the five levels constitute a customer value hierarchy. The most fundamental level is the core benefit: the fundamental service or benefit that the customer is really buying. A hotel guest is buying "rest and sleep". The purchaser of a drill is buying "holes". Marketers must see themselves as benefit providers.

Basic product

At the second level, the marketer has to turn the core benefit into a basic product. Thus a hotel room includes a bed, bathroom, towels, desk, etc.

Expected product

At the third level, the marketer prepares an expected product, a set of attributes and conditions buyers normally expect when they purchase this product. Hotel guests expect a clean bed, fresh towels, working lamps, and a relative degree of quiet. Because most hotels can meet this minimum expectation, the traveller normally will settle for whichever hotel is the most convenient or least expensive.

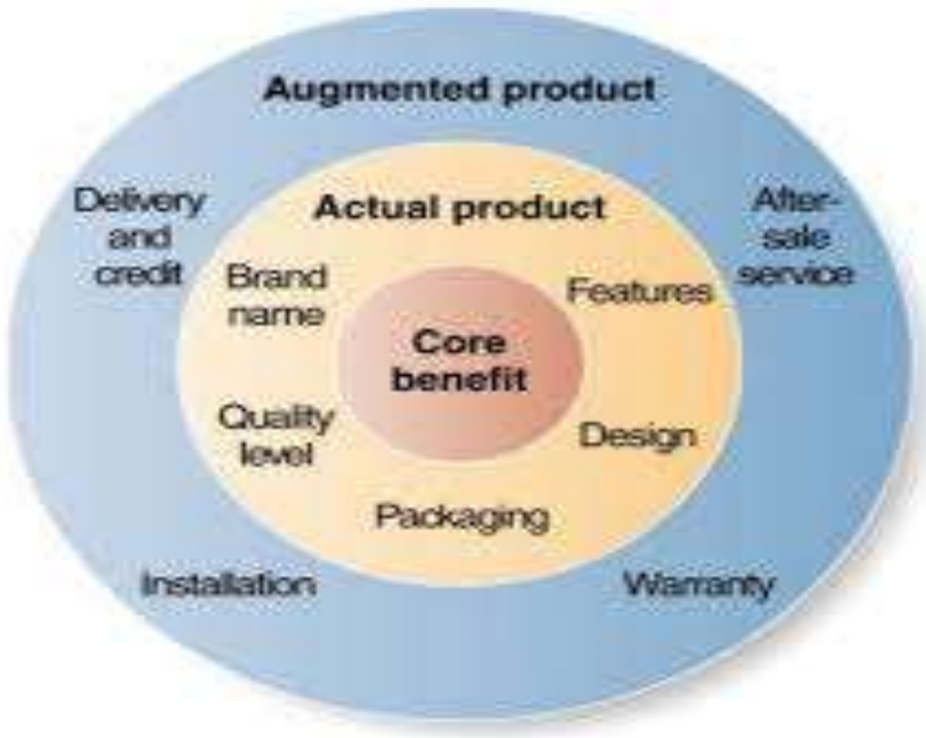
Augmented product

At the fourth level, the marketer prepares an augmented product that exceeds customer expectations. A hotel can include a remote-control television set, fresh flowers, rapid check-in, express checkout, and fine dining and room service.

Today's competition essentially takes place at the product augmentation level. Some important points should be noted about product augmentation strategy. First, each augmentation adds cost. The marketer has to ask whether customers will pay enough to cover the extra cost. Second, augmented benefits soon become expected benefits. Today's hotel guests expect a remote-control television set and other amenities. This means that competitors will have to search for still other features and benefits. Third, as companies raise the price of their augmented product, some competitors can offer a "stripped-down" version at a much lower price.

Potential product

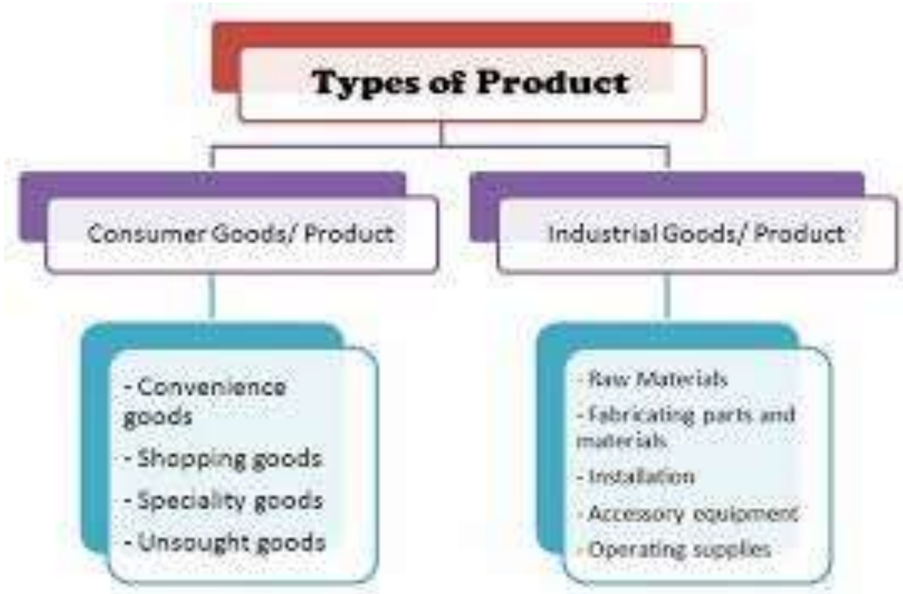
At the fifth level stands the potential product, which encompasses all the possible augmentations and transformations the product might undergo in the future. Here is where companies search for new ways to satisfy customers and distinguish their offer. All-suite hotels where the guest occupies a set of rooms represent an innovative transformation of the traditional hotel product.



Successful companies add benefits to their offering that not only satisfy customers but also surprise and delight them. Delighting is a matter of exceeding expectations. Core Benefit Basic Product Expected Product Augmented Product Potential Product.

Classification of Product

Classifying products into meaningful categories helps marketers decide which strategies and methods will help promote a business's product or service. Many types of classification exist. For example, marketers might categorize products by how often they are used. One-time-use products, such as vacation packages, require completely different marketing strategies than products customers use repeatedly, such as bicycles. Product classification helps a business design and execute an effective marketing plan.



Convenience Goods

These are usually relatively inexpensive items whose purchase requires very little effort on the part of the consumer. The weekly shopping list, for the most part, is composed of convenience goods. The decision process is complicated by the existence of brands which force the consumer to make comparison and choices. One of the principal tasks of advertising is to try to predetermine the purchase decision for convenience goods so that the consumer always buys, or mentally lists, a certain brand rather than first thinking of the generic product and then making a brand-choice decision.

Convenience goods can be further classified into (i) staple and (ii) impulse items.

(i) Staple convenience goods: Staple convenience goods are those consumed by most people every day (e.g. milk, bread and potatoes). Product differentiation for staple items tends to be minimal. If a sudden need arises for a product, or it has been overlooked during a major shopping outing, then even less thought is put into the purchase decision.

(ii) Impulse convenience goods: As the name implies, there is no pre-planning involved with the purchase of impulse convenience goods. The decision to make an impulse purchase is made on the spot.

Shopping Goods

This classification includes major durable or semi-durable items. Because shopping goods are generally more expensive than convenience goods and the purchases are less frequent, shopping goods purchase are characterized by pre-planning, information search and price comparisons. The purchase of a car, for example, will involve extensive consideration of the relative merits of the products on offer. In addition to product features the consumer will consider price, place of purchase, purchase (credit) terms, delivery arrangements, after-sales service and guarantees. The quality of sales staff in stores is critical to the success of the marketing of shopping goods. Shopping goods can be further classified as homogeneous or heterogeneous items.

Homogeneous goods: White goods such as washing machines, refrigerators etc. are homogeneous in nature. These are goods which are virtual necessities, and in market terms, they are not particularly far apart from each other in terms of price, prestige or image.

Heterogeneous goods: Heterogeneous shopping goods are stylized and non-standard. Here, price is of secondary importance to the consumer after image. Behavioural factors play an important role in the purchase decision.

Specialty Goods

The purchase of speciality goods is characterized by extensive search and extreme reluctance to accept substitutes once the purchase choice has been made. The market for such goods is small but prices and profits are high. Consumers of speciality goods pay for prestige as well as the product itself. Companies who market these goods must be particularly skilful at creating and preserving the correct image. If the marketing is successful, the customer's search period can be reduced or almost eliminated in some cases. For instance, some consumers will decide on a particular designer label for clothes or jewellery long before the actual purchase is considered.

Unsought Goods

Promoting and selling 'unsought' goods makes up the area of marketing which is most susceptible to criticism. By definition, the customers have not considered their purchase before being made aware of them, and could often do without them.

The consumer may be at a disadvantage when confronted with unsought goods because they probably will have been no opportunity for evaluation and comparison. The consumer may also be suspicious of any 'offer'. Unsought goods must therefore be marketed in a sensitive manner. The methods of marketing usually employed are direct mail, telephone campaigns, door-to-door canvassing and the dubious practice of 'sagging' (selling under the guise of market research).

The marketing implication of this system of classification is that it accurately reflects buying behaviour for large groups of consumers. Naturally, a company is likely to segment its market within a given product class, but the classification system allows for a basic understanding of buyer behaviour as a function of the product.

Industrial Goods

The classification of industrial goods gives an insight into the uses to which the goods are put, and the reasons for their purchase, allowing a better understanding of the market, and therefore better strategy design.

Classification of Industrial Goods

1. Installations

These are the most expensive and critical purchases a company has to make. They are the major items of plant and machinery which are required for the production of a company's product. If a company makes a mistake in its choice of office equipment or building maintenance services this can be costly, but it is unlikely to seriously threaten the company's future. However, if a range of machinery is purchased which is subsequently found to be unsuitable; this could jeopardize the complete production base. The purchase of installations is, therefore, the result of a very extensive search process. Although price is very important in such a decision, it is almost never the single deciding factor. Much emphasis is placed on the quality of sales support and advice and subsequent technical support & after-sales service.

2. Accessories

Like installations, these are considered as capital items, but they are usually less expensive and are depreciated over fewer years. Their purchase is important for the company, but not as critical as installation purchase. Accessories include ancillary plant and machinery, office equipment and office furniture. In the case, of say, a haulage company, forklift trucks, warehousing equipment and smaller vehicles would be classified as accessories.

3. Raw Materials

The purchase of raw materials probably accounts for most of the time and work-load of a typical purchasing department. There is a direct relationship between raw material quality and the quality of the company's own finished product. Therefore it is vital that quality, consistency of supply, service and price are optimized.Price is particularly important because these goods are purchased throughout the year and have a direct and continuous effect on costs.

4. Component Parts and Materials

The supply considerations for these items are similar to those for raw materials. Component parts and materials include replacement and maintenance items for manufacturing machinery. In this sense they should not be confused with 'accessories'. This category also includes those products which facilitate or are essential in the manufacturing process but which do not form part of the finished product, e.g. oils, chemicals, adhesives and packaging materials.

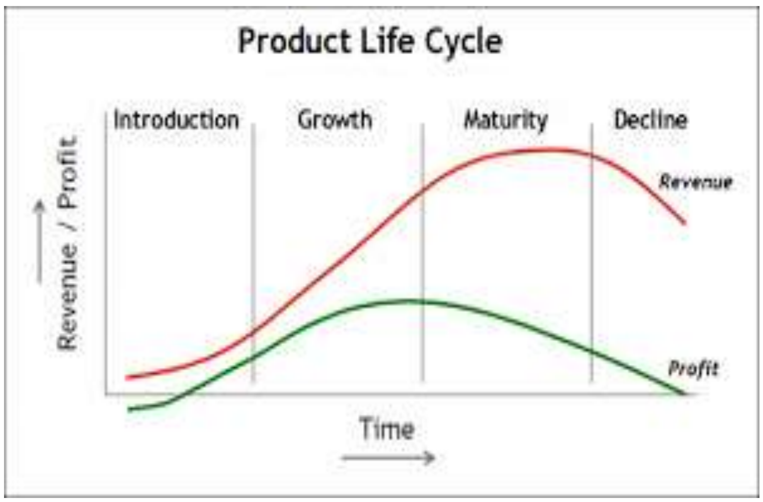
5. Supplies

These can be likened to the 'convenience goods' of industrial supply. They are probably taken for granted by most company employees and include such goods as office stationery, cleaning materials and goods required for general maintenance and repairs. The purchasing process is often routine and undertaken by less senior employees. Most supplies are relatively homogeneous in nature and thus price is likely to be a major factor in the purchasing decision.

The industrial product classification system can be linked closely to industrial buying behaviour. It is a common misconception to regard all industrial purchasing as being rigid routinely in its logic. It is true that the industrial buyer is dealing with someone else's money and the amounts are usually large in comparison to individual consumer purchases. This means that the consequences of error are far graver. Industrial decision-making is therefore generally more considered than individual consumer behaviour. Industrial buyers are, nevertheless, human beings, and they base decisions upon a variety of criteria in addition to those of price, quality and delivery.

The Product Life Cycle

The idea of a product life cycle (PLC) is central to product strategy. It is based on the premise that a new product enters a 'life cycle' once it is launched in the market. The product has a 'birth' and a 'death'- its introduction and decline. The intervening period is characterized by growth and maturity. By considering a product's course through the market in this way, it is possible to design marketing strategies appropriate to the relevant stage in the product's life. In addition to the stages outlined, an additional stage is often discussed- that of saturation, a levelling off in sales once maturity is reached and prior to decline.



Stages of Product Life Cycle

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

Introduction Stage

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

The typical conditions associated with the introduction stage are:

- A high product failure rate
- Relatively few competitors
- Limited distribution (often exclusive or selective distribution)
- Frequent product modifications

Company losses, because development costs have not yet been recouped, promotional expenditure is relatively high in relation to sales and economies of scale are not yet possible.

The prime goal at this stage is to create awareness. This usually involves a disproportionate level of marketing expenditure relative to sales revenue. Clearly, this must be regarded as an investment in the product's future.

The introductory pricing strategy will depend on the type of product in terms of its degree of distinctiveness. The company may wish to achieve high sales levels in a short span of time or slowly establish a profitable niche in the market place.

Growth Stage

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

In general, the characteristics of growth are:

- More competitors and less product distinctiveness

• More profitable returns

• Rising sales

• Company or product acquisition by larger competitors

Promotional expenditure should still feature highly in the marketing budget at this stage because this is the best time to acquire market share. It should, however, be at a level which does not drain profits, although it is not unusual for very high levels of expenditure to continue throughout growth in order to achieve profitable market dominance during the maturity stage.

Distribution retains its importance during growth. In consumer markets, in particular success will depend on finding shelf space in retail outlets, which now tends to be controlled by a small number of powerful mu1tiple operators. Once a 'hierarchy' of brand leaders has been established, powerful buyers in retail multiples will attempt to rationalize their list of suppliers. Distribution will be a key factor in such decisions, because retailers will wish to keep their stock levels to a minimum. In other markets, distribution is equally important because during growth, suppliers will be in competition with each other to acquire dealership and distributive outlets.

Maturity Stage

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

The major characteristics of the maturity stage are:

• Sales continuing to grow, but at a very much decreased rate

• Attempts to differentiate and re-differentiate the product

• Prices beginning to fall in battles to retain market share. Profits begin to fall correspondingly

• Increasing brand and inventory rationalization amongst retailers and distributors

• Marginal manufacturers retiring from the market when faced with severe com-petition and reduced margins

It should be emphasized that market growth has ceased by this stage. Any growth can only be achieved at the expense of competitors. There is, therefore, a need for sustained promotional activity, even if only to retain existing customers. Deciding the level of promotional expenditure can be a problem in view of contracting profit margins.

Decline Stage

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

Consumer preferences may have changed or innovative product may have displaced the existing product.

• Sales falling continually for the total period

• Intensification of price cutting

• Producers deciding to abandon the market

While continuing in the market place" management's attention is likely to move from active marketing to very strict cost control. Cost control and cost reduction is, of course, always an important element of management activity, but during decline this may be the only method of maintaining profitability.

Product Line

It is a group of products that is closely related because they perform a similar function, targeted at the same customer groups, and marketed through the same channels. The important attributes associated with product line are discussed below:

1. Line stretching Decisions pertaining to line stretching are taken whenever the marketer feels he can increase his profits by either adding or dropping items from the line. It can be upwards, downwards or both ways.

2. Line filling: A product line can also be lengthened by adding more items within the present product range. There are several reasons for line filling.

- Reaching for incremental profits.
- Trying to satisfy dealers who complain about lost sales because of missing items on the line.
- Trying to utilize excess capacity.
- Trying to offer a full line of the product.
- Trying to plug holes in the positioning map.

The launch of Cinthol, in different variants is an example of line filling. Today Cinthol is a lime-soap with yellow packaging and a cologne variation with blue wrapping apart from the initial Cinthol fresh. There is also a Cinthol International, packed in a red pack with a picture of mountains depicting freshness.

3. Line modernization: Even when the product line length is adequate, the line might need to be modernized. The issue is whether to overhaul the line completely or one at a time. A piecemeal approach allows the company to see how customers and dealers react to the new style. Piecemeal modernization is less of a drain on the company's cash flow. A major disadvantage of piecemeal modernization is that it allows competitors to see changes and start redesigning their own line.

4. Line featuring: In the case of durable products, marketers at times select one or a few items to "feature". The idea is to attract consumers into the showrooms and then try to get them exposed to other models. At times, the marketer will feature a high end item to lend prestige to the product line. These products act as "flagships" to enhance the whole line. Sometimes a company finds one end of its line selling well and the other poorly. The company may try to boost the demand for the slow-moving items, especially if they are produced in a factory that is lying idle due to the lack of demand.

Product Modifications

Product modification means changing one or more characteristics of a firm's product. A product modification differs from a line extension in that the original product that is modified does not remain in the line. For example, automakers use product modifications annually when they create new models of the same brand. Once the new models are introduced, the manufacturers stop to producing last year's model. Like line extensions, however, product modifications entail less risk than developing new products.

Product modification can indeed improve a firm's product mix, but only under the following conditions. First, the product must be modifiable. Second, customers must be able to perceive that a modification has been made. Third, the modification should make the product more consistent with customer's desires so that it provides greater satisfaction. There are three major ways to modify products: quality modifications, functional modifications, and aesthetic modifications.

Product Elimination

Generally, a product cannot satisfy target market customers and contribute to the achievement of an organization's overall goals indefinitely. Product elimination is the process of deleting a product from the product mix when it no longer satisfies a sufficient number of customers. A declining product reduces an organisation's profitability and drains resources that could be used instead to modify other products or develop new ones. A marginal product may require shorter production runs, which can increase per-unit production costs. Finally, when a dying product completely loses favour with customers, the negative feelings may transfer to some of the company's other products. Most organizations find it difficult to eliminate a product. A decision to drop a product may be opposed by management and other employees who feel the product is necessary in the product mix. Salespeople who still have some loyal customers are especially upset when a product is dropped. Considerable resources and effort are sometimes spent trying to change a slipping product's marketing mix to improve its sales and thus avoid having to eliminate it.

Product elimination is the process of deleting a product that no longer satisfies a sufficient number of customers. Although a firm's personnel may oppose product elimination, weak products are unprofitable, consume too much time and effort, may require shorter production runs, and can create an unfavourable impression of the firm's other products. A product mix should be systematically reviewed to determine when to delete products. Products to be eliminated can be phased out, run out, or dropped immediately.

Product-Mix

"A product mix (also called product assortment) is the set of all products and items that a particular seller offers for sale".

It is the set of all product lines and items that a particular company offers to buyers. The width of a product mix refers to how many different product lines a company carries. For example, Proctor & Gamble's (P & G) product mix in India consists of four lines such as detergents, bar soaps, personal hygiene products and disposable diapers.

The depth of a product mix refers to how many variants of each product are offered in the line, e.g. Colgate-Palmolive's Halo shampoo comes in three formulations and three sizes and hence has a product mix depth of nine. This kind of assortment is popularly referred as Stock Keeping Units (SKUs).

The consistency of a product mix refers to how closely related the various product lines are intend use. Hence, Nestle's product lines are consistent in the sense that they are all food products, P & G has an unrelated product mix.

The width, depth and consistency of product mix enables a company to define its product portfolio, appeal to different consumer needs/segments and encourage one-stop buying. A broad width or deep mix goes to satisfy the needs of several consumer groups and maximize shelf-space and sustain dealer support.

A consistent mix is generally easier to manage than diversified mix. It allows the marketer to concentrate on its core competence, build or create a strong image among consumers and trade channels. However, excessive consistency may leave the marketer to a narrow range of business. Example, Indian Tobacco Company (ITC) being in the tobacco business, is vulnerable to environmental threats, the vagaries of business or sales fluctuations if consumer groups are too sharply defined. On the other extreme, companies like Philips, Videocon, BPL, etc. may enjoy the benefit of a diversified product mix. The following discussion will highlight the various considerations taken in deciding the product line.

Brand

The American Marketing Association defines a brand as:

"A brand is a name, term, sign, symbol, design, or a combination of these, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors".

A brand is different from other assets such as patents and copy write which have expiry dates. Consumer view a brand as an important part of a product and branding can add a value to a product. Consumer's perception of a product is very much dependant upon the brand. When a consumer becomes loyal to any brand he or she start saying that I want Godrej, I want Bajaj etc. The best brands convey a warranty of quality. Thus, we can say that brand gives identity to the product. It tells about quality of product. Brand loyal as know very well the features and benefits of the product each time they buy.

From the seller's point of views also, the brand name gives the whole summary about the product. It provides legal protection for unique product feature. Marketer should develop a deep set of positive associations for the brand. Marketers must know at which level to anchor the brand identity. It would be a big mistake to promote only attributes. Firstly, because the buyers are not as mature and interested in the attributes of the product as the benefits. Second, competitors can easily copy attributes. Third, current attributes may become less desirable tomorrow.

Brand Equity

Brand Equity encompasses a set of assets linked to a brand's name and symbol that adds to the value provided by a product or service to the consumers. There is always underlying expectation that the brand will deliver the satisfaction it has promised. A consumer expects a certain standard of quality and satisfaction which the manufacturer has to make sure and that the product lines up to that expectations, otherwise the consumer will stop buying that product. Simply speaking that brand identities primarily exist in the minds of its customers. A brand is his or her evaluation of performance of that brand. And if his evaluation is positive the customer is willing to pay more for a particular brand over another similar product. This is the strength of Brand Equity.

"The brand equity refers to the value inherent in a well known brand name. From a consumers' perspective, brand equity is the added value bestowed on the product. Brand equity facilitates the acceptance of new products and the allocation of preferred space, and enhances perceived value, perceived quality and premium pricing option. Because of the escalation of new product costs and high rate of new product failures, many companies prefer to leverage their brand equity through brand extensions rather than risk launching a new brand.

Brand equity enables companies to charge a price premium e.g. researchers have estimated that because of colgate brand equity, the colgate pamolive company is able to price colgate toothpaste about 37 cents higher than competitive store brands with objectively identical attributes.

Brand equity ensures a high level of consumer brand awareness and loyalty. Because of high brand extension e.g. Coca-Cola-Diet coke, it allows more leverage in bargaining with distributors and retailers. Customers are ready to pay a premium because of perceived reliability, trust worthiness, as well as the positive image of superior quality that the brand commands. The major assets of brand equity are:

(i) Brand awareness: This refers to the strength of a brands presence in the mind of the consumer. Awareness is measured according to the recognition and the recall of brand.

(ii) Perceived Quality: Perceived quality means level of expected quality that product holds in the mind of consumer, are buying; and in that sense, it is the ultimate measure of the impact on the mind of consumer.

(ii) Brand Loyalty: A brand's value to the company is a measure of customers' loyalty towards a brand. Since a company consider loyalty as a major assets which encourages and justifies loyalty buildings program, which, in turn, helps create and enhance Brand Equity.

Brand Personality

In totality brands holds more meaning and .importance than tangible or perceivable product seems to offer. This is a highly promised concept, both in theory and practical relevance, when it comes to positioning brands with non functional values, in form of feeling it arouse in consumer: Raymond- a complete man, Cadbury's– a gift of love. Many brand strategy statements nowadays refer to the personality of the brand. However, brand managers using these statements often tend to define character for several brands in the company's line in more or less identical terms e.g. for many OTC (over the counter) remedies, the Brand character is monotonously described as caring and efficient. So, the key lines in building different and distinct brand personality.

The purpose of positioning by brand personality is lost if we are unable to define a desired personality for our brand which is clearly distinct from the personalities of competing brands and sister brands in our own product line.

"Brand image refers to rational measurements like quality, strength, flavour. Brand personality explains why people like some brands more than others even then when there is no physical difference between them".

It would seem that Restall considers brand personality as being made up of the emotional association of brands and brand image, of its physical features and benefits.

The brand image represents the essence of all the impressions or imprints about the brand that have been made on the consumers mind. It includes impression about the physical features and performance; impression about functional benefits from using it; imagery and symbolic meaning it evokes in the consumer's mind. Brand image indeed is the 'totality' of brand in the perception of the consumer.

Brand personality is that aspect of the brands totality which bring up in the mind of the consumers its emotional overtones and it symbolisms its characterisations, if you will. The great operational utility of brand personality is that when the consumer cannot distinguish brands by their physical features or functional benefits, he is invited to look at their so-called human characteristics. It makes his task simpler in judging whether it is his kind of product or not.

So, brand image represents the totality of impressions about the brand as selected and adopted by the consumer's perception. It embraces the brands physical and functional aspects and also it symbolic meanings. The brand personality, on the other hand, dwells mainly in these symbolic aspects. It must match the target prospect's self concept "I see the brand in myself".

Branding Strategies

Brand Extension

A successful brand is like a powerhouse containing enough energy to illuminate distant territories. Such a brand name holds enormous appeal for consumer. It has stood the test of time and competition. This is driving force behind brand extension, where the power of one brand could be used to market other related products.

This is what explains the extension from Ivory soap to Ivory shampoo, from Dettol antiseptic to Dettol soap, from P&G Dreamflower talc to Dreamflower soap.

The other driving force is the present day high cost of launching an altogether new brand with increasingly competitive market and escalating media costs, it makes sound financial and marketing sense to spin out the inner force of a respected brand for new incarnation with brands that are in declining phase of their life cycle as well as those in the prime of life. The brand name may lose its special positioning in consumer's mind through over extension Brand dilution occur when consumers no longer associate a brand with a specific product or highly similar product The best result would occur when the brand name build the sale of both the new product and the existing product.

Line Extension

Line extension refers to additions to an existing product line of a company in a given category to fill out the line. Thus, Marvel was addition to the Godrej toilet soap line which already included Cinthol and Fresca Wheel was a line extension to Hindustan Livers line of detergent bars which already had Rin. Use of same brand name for a line extension can be tricky.

Can you imagine the present Cinthol, a Cinthol Shikakai soap and a cinthol with its beauty cream all fighting far a place in the consumer's mind. The other situation where it might work in the form of extra strength like clinic shampoo and clinic plus or vicks vaporub and Vicks Vaporub plus. But there too, the dangers of cannibaliation are high.

Multi-Brand

Companies often introduce additional brands in the same category. Multi-branding offers a way to establish different features and appeal to different buying motives. It also allows a company to look up more reseller's shelf space. Finally, companies may develop separate brand names for different regions or countries, perhaps to suit different cultures or languages e.g. P&G dominates the U.S. laundry detergent market with Tide, which in all form captures more than 40% market share. But, in multi-branding each brand might obtain only a small market share, and none might be very profitable.

New Brands

A company may create a new brand name when it enters a new brand category for which none of the company's current brand names are appropriate like Japan's Matsuishita uses separate brand name-for its different families of product. Technics, Panasonic, National and Quasar. If Timer decides to make toothpaste, it is not likely to call them Timex tooth-brushes. Yet establishing a new brand name in US market place for a mass consumer packaged good can cost anywhere from $ 50 million to $ 100 million. Thus P&G and other large consumer product marketers are new pursuing megabrand strategies- weeding out weaker brands and focusing their marketing skills only and brands that can achieve number one or two market share positions.

BRAND NAME DECISIONS

Marketers have to decide, while branding the product, which brand names to use. Four strategies are available.

1. Individual names

In this, company gives separate name to each product. So if the product fails or appears to have law quality, the company's name is not hurt e.g. sprite by Coca-cola.

2. Blanket Family Names

In this case company gives corporate name to the product. Development cost is less because there is no need for name research as heavy expenditures to create bran<;l name recognition. Furthermore, sale of product is likely to be more if the corporate image is good e.g. Bajaj, Godrej, IBM.

3. Separate Family Names for All Products

Here company after inventing different family names for different quality lines within the same product class e.g. HLL has different brand names within soap category ego Liril, Lux, etc.

4. Company trade name combined with individual Product Names

Some manufactures tie their company name to an individual brand name for each product, e.g. Kellogg's Rice Krispies, Kallog's Raissin Bron and Kallog's Corn Flakes.

It should be easy to pronounce, recognise, and remember e.g. Godrej, IBM, Sony. It should not carry poor meanings in other countries and languages e.g. Nova is a poor name for a car to be sold in Spanish speaking; it means 'doesn't go'.

Packaging

Even after the development of product and branding that product, needs arise to fulfil the other aspects of the marketing mix. Most physical products have to be packaged and labelled.

One such product feature, and a critical one for some products, is packaging which consists of all the activities of designing and producing the container or wrapper for a product.

"Packaging includes the activities of designing and producing the container for a product".

The above definition shows that package is the actual container or wrapper. Thus, packaging is a one of the important function of the business as it is the package, where first get the attention of the customers. It has become a potent marketing tool. Well designed packages can create convenience and promotional value.

Packaging and the resulting packages are intended to serve several vital purchases.

(i) It protects a product in a way to the consumer.

(ii) It provides protection to the product after it is purchased.

(iii) Package size and shape must be suitable for displaying and stocking the product in the store.

(iv) It helps to identify a product and this may prevent substitution of competitive products.

Packaging is also one of the way through which marketer can differentiate his product from the competitive brand. Moreover, customers are ready to pay a little more for convenience, appearance, dependability and the prestige of better packages. Packages also contribute to the instant recognition of the company or brand. Thus, innovative packaging can bring large benefits to the customers and profit to producers. If other marketing mix are comparable, retailers are likely to purchase and display products having attractive functional packaging.

Despite of having various benefits of the packaging, there are certain limitations; which are as follows:

1. Packaging depletes natural resources

2. Packaging is too expensive

3. Some forms of plastic packaging are health hazards.

4. Packaging is deceptive

The biggest challenges facing packagers is how to dispose of used container.

Packaging Strategies

To manage the packaging of a product, executives must make the following strategic decisions.

Packaging the product line

A company must decide whether to develop a family resemblance when packaging related products. Family packaging uses either highly similar packages for all products or packages with a common and clearly noticeable feature. For example, compbell soup uses virtually identical packaging on all its condensed soup products. When new products are added to a line recognition and images associated with established products extend to the new ones.

Multiple Packaging

It is a practice of placing several units of the same product in one container. Candy bar, towels, beer, cricket balls are packaged in the multiple units.

Changing the package

A firm may need to correct a poor feature in an existing package. It may want to take the advantage of a new development as the container made up of lamination of papers, plastic and aluminium foil. However, this farm of packaging might be slowed because it is not biodegradable.

Facing rising cost, many producers feel the need to increase the prices. However, they fear consumer resistance. What can they do? A number of companies turn to reducing the amount of product in a package while maintaining the price.

Labelling

Labelling, which is closely related to the packaging, is another feature that requires managerial attention. A label is a part of the product that carries information about the product and the seller. A label may be part of a package or it may be a tag attached to a product. The seller must label products. The label might carry only the brand name or a great deal of information. Labels are of three types:

1. Brand label

Brand label is simply the brand alone applied to the product or package. Some clothes carry the brand label like Mc wear.

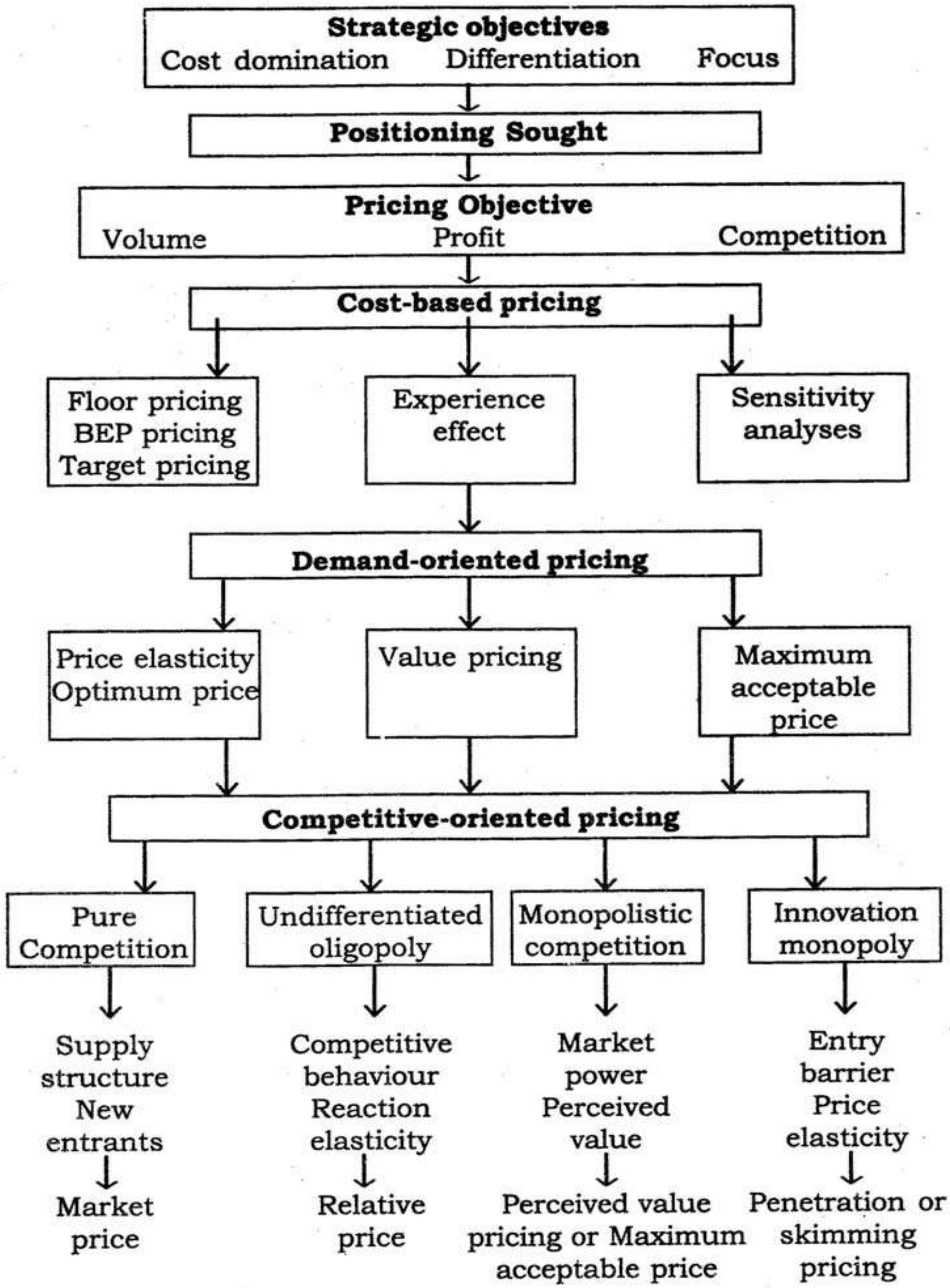
2. Descriptive label

It gives the information about the product use, care, performance, and other features. On a descriptive label for a Maggi Noodles, there are statements concerning the weight, ingredients, tastes, price etc.

3. A Grade Label

It identifies the product judged quality with a letter, number, or word. Brand labelling is a acceptable form of labelling but it does not provide sufficient information about the product. Descriptive labels provide more information about the product but not necessarily all that is needed or desired by a consumer.

Price is the monetary expression of value and as such occupies a central role in competitive exchange. Purchasing behaviour can be seen as a system of exchange in which searching for satisfaction and monetary sacrifices compensate each other. This behaviour results from forces that balance a need, characterized by the buyer's attitude towards the product and the product's price. From the buyer's point of view, the price he or she is willing to pay measures the intensity of the need and the quantity and nature of satisfaction that is expected; from the seller's point of view, the price at which he or she is willing to sell measures the value of inputs incorporated in the product, to which the seller adds the profit that is hoped to be achieved.


Strategic objectives
Cost domination
Differentiation
Focus
Positioning Sought
Pricing Objective
Volume
Profit
Competition
Cost-based pricing
Floor pricing
BEP pricing
Target pricing
Experience effect
Sensitivity analyses
Demand-oriented pricing
Price elasticity
Optimum price
Value pricing
Maximum acceptable price
Competitive-oriented pricing
Pure Competition
Undifferentiated oligopoly
Monopolistic competition
Innovation monopoly
Supply structure
New entrants
Market price
Competitive behaviour
Reaction elasticity
Relative price
Market power
Perceived value
Perceived value pricing or Maximum acceptable price
Entry barrier
Price elasticity
Penetration or skimming pricing

Factors Affecting Pricing Decisions

Factors Affecting Pricing Decisions

Fig. 14.1

(A) Internal Factors:

1. Organisational 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 raise 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 prices for the product which is of the new style, fashion, better package etc.

4. Cost of the Product

Cost and price of a 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 maximizing sales revenue, maximizing market share, maximizing customer volume, minimizing 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 service 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

Competitive conditions affect the pricing decisions. Competition is a 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 materials 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 make 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 or deflationary tendency affects 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 increasing 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 systems 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. The marketers obviously can exercise substantial control over the internal factors, while they have little, if any, control over the external ones.

Different Kinds of Pricing

Different kinds of pricing followed in marketing are Odd Pricing, Psychological Pricing, Price based on the prevailing or ruling price, Prestige Pricing, Customary Pricing, FOB (Free on Board) Pricing, CIF (Cost, Insurance and Freight) Price, Dual Pricing, Administered Pricing, Monopoly Pricing, Price Lining, Expected Pricing, Sealed Tender Pricing, Negotiated Pricing, Mark-up Pricing, Skimming Pricing and Penetration Pricing.

Different Kinds of Pricing with examples

1. Odd Pricing

When the price of a product is an odd number, such a pricing method is known as odd pricing. Example: Conventionally, Some Shoe Company fix the price of shoes and chappals by the method of odd pricing, e.g., Rs.399.95 Ps. The reason for fixing the price as an odd number is quite obvious. Rs.399.95 Ps sounds better than Rs.400. An impression that the price is less is being created.

2. Psychological Pricing

When the price of a product is a round number, such a method of pricing is known as psychological pricing. For example, a product may be priced Rs.10 or Rs.15. Such a method is preferred by those marketers who do not believe in the technique of odd pricing.

3. Price based on the prevailing or ruling price

Such a method is followed by those marketers who want to fall in line with their competitors. They keep the same price as decided already by their rivals. Example: Manufacturers of cement follow a uniform price policy (Oligopoly market).

4. Prestige Pricing

This method is followed by those who deal in luxury goods. Such marketers, generally, keep the price of goods high for they think that customers will judge quality by the price.

Example: Those who sell cosmetic items, leather goods, electronic items, etc., follow prestige pricing.

5. Customary Prices

By custom or convention, certain products are sold almost at the same price by different marketers. Example: Milk, butter, coffee powder, soft drinks, etc.

6. FOB (Free on Board) Pricing

Such a pricing has relevance when goods are to be transported to the buyer's place. In case of FOB origin, the transit charges will be born by the buyer himself and in the case if FOB destination, he need not pay the transit charges.

7. CIF (Cost, Insurance and Freight) Price

In the case of CIF price quotation, the price paid by the buyer (may be an importer) includes cost, insurance and freight charges.

8. Dual Pricing

It refers to the practice of some marketers who quote two different prices for the same product, one may be for bulk buyers and one for small quantity buyers.

9. Administered Pricing

The price determined by a marketer based mainly on personal considerations is known as administered pricing. Factors like cost, demand and competition are ignored.

10. Monopoly Pricing

The price fixed by a marketer who has no competition in the market is known as monopoly pricing.

11. Price Lining

In this case, the price, once determined, remains unchanged for a fairly longer period of time.

12. Expected Pricing

The price fixed for a product based on the expectations of the consumers is known as expected pricing.

13. Sealed Tender Pricing

In case of contracts involving heavy outlay, e.g., construction contracts, sealed tenders will be invited from interested parties. The work is then assigned to the one who has quoted the minimum price.

14. Negotiated Pricing

Manufacturers of industrial goods, who need components from suppliers, negotiate with the latter before finalizing the price. This becomes necessary in view of the high cost of the components.

15. Mark-up Pricing

It refers to the price arrived at by a retailer by adding a certain percentage (towards his margin of profit) to the manufacturer's price. It is only at this price that he sells the goods to the consumers.

16. Skimming Pricing

It refers to the practice of setting a very high price for a product, when it is introduced into the market for the first time and to reduce the same gradually as competitors enter the market. This has been explained by William J. Stanton as 'Skim-the-Cream-Pricing'.

Skimming pricing approach is followed when the marketer is not sure of the correct price for the product and decides to ascertain the same by trial and error. When a high price is set initially and the response of the buyers is good (because they are satisfied with the product quality), it may indicate that the marketer's pricing strategy is correct. If the response of the buyers is not so good (they find the price too high) the marketer may reduce his price. Thus, a high initial price offers scope for price reduction when necessary. It has been given the name 'skimming pricing' because it helps to skim (take) the cream of the market that is not really sensitive to price and is mainly quality conscious.

17. Penetration Pricing

Setting a low initial price for the product is what is penetration pricing. It has been given such a name because it enables the product to penetrate (pierce or go into) the market to find a place. Such a pricing is resorted to when the market for the product is very sensitive to price and the product faces threat from competition always. In the case of penetration pricing, although, profits are sacrificed in the initial years, profits are expected to accrue in the long-run.

UNIT 4

Questions	Option 1	Option 2	Option 3	Option 4	Option 6	Answer
Salesman explains to the consumers by giving a ____ of how to use it	demonstrations	products	price	promotion		demonstration
Free samples are given to customers to introduce a new ____.	promotion	after sales service	application	product		product
The direct online contribution effectiveness refers to the proportion of business turnover achieved by_________ transactions	market	e-commerce	sellers	contributors		e-commerce
focuses on expanding market and creating product awareness and trial is the __________	Decline stage	Introduction stage	Growth stage	Maturity stage		Decline stage
Marketing is an _____ found in all types of business.	managerial function	strategic function	economic function	universal function		universal function
Plastic jars were now-a-days quiet popular for _______	bundling	packing	collection	Assembling		packing
Retailer provides feedback to wholesalers and _____ about consumers preference.	manufacturers	consumers	retailers	agents		manufacturers
The object of sales promotion is to increase the buying response of ultimate____	consumers	wholesaler	retailers	manufacturers		consumers
Informing buyers of new brand and new package is the _____ of sales promotion	objective	method	application	Quality		objective

While preparing a website, designers should ensure that the site enables user-to-user communication	context	commerce	community	connection		context
ensure that the site enables user-to-user communication process is known as ____________	context	commerce	community	connection		context
___________ is an online advertisement that pops up between changes on a website	Border	Plunge	Boarder	Interstitial		Plunge
online and exchange views on issues of common interest are known as _______________	web communiti es	web casts	e-marketing	virtual communiti es		e-marketing
(the online revenue contribution) is an example of anticipating ___________ requirements	consumer	customer	producer	seller		customer
E-marketing is best seen as ________	the same as e-commerce	equivalent to e-business	a subset of e-business	broader than e-business		a subset of e-business
business activity initiated by the consumer and targeted to business is known as _________	Business to Business (B2B)	to Consumer (C2C)	Consumer to Business (C2B)	Business to Consumer (B2C)		Business to Consumer (B2C)
In the modern sense emphasis of marketing is on _______ satisfaction	consumer	market	sales	competition		consumer
Marketing starts with identification of _____ needs.	goods	seller	manufacturer	consumer		consumer
Advertising creates _____ among customers	clarity	awareness	confusion	belief		awareness

Promotional mix includes _____	, awareness and sales promotion	, personal selling and publicity	, personal selling and sales	on, personal selling and		, personal selling and sales
Price of a product affects its________	dvertisemen	demand	pacing	promotion		demand
Grading means ______ products into different classes	different	marketing	planning	separating		separating
____________ are networks that connect people within a company to each other and to the company network	Internets	Extranets	Bit streams	WWW		Extranets
A low price is designed in the initial stage with view to capture greater market share is _________	Psychological Pricing	Customary Pricing	Skimming Pricing	Penetration Pricing		Penetration Pricing
The distance between the seller and buyer is considered in geographic pricing is called _________	Geographical Pricing	Dual Pricing	Administered Pricing	Mark up Pricing		Geographical Pricing
The Price resulting from managerial decision and not on the basis of cost, competition, demand is _________	Mark up Pricing	Administered Pricing	Dual Pricing	Geographical Pricing		Administered Pricing
The price is set by the management after considering all relevant factors is called _______	Geographical Pricing	Administered Pricing	Mark up Pricing	Dual Pricing		Administered Pricing
part of his production to the government or its authorized agency at a substantially low price is ______	Administered Pricing	Geographical Pricing	Dual Pricing	Mark up Pricing		Dual Pricing
When the price is set up initially, a certain percentage is added to the cost before making the price is _________	Geographical Pricing	Dual Pricing	Administered Pricing	Mark up Pricing		Mark up Pricing

The method of pricing is generally followed by the retailers than wholesalers are _____________	Price Lining	Negotiated Pricing	Competitive bidding	Monopoly Pricing		Price Lining
The price to be paid on sale depends upon bargaining is called __________	Price Lining	Monopoly Pricing	Competitive bidding	Negotiated Pricing		Negotiated Pricing
Big firms or the government calls when they want to purchase certain products as specialized items are _________	Competitive bidding	Negotiated Pricing	Price Lining	Monopoly Pricing		Competitive bidding
The Probable expenditure is worked out when an offer is made by quoting the price is ________	Negotiated Pricing	Price Lining	Competitive bidding	Monopoly Pricing		Competitive bidding
When a new product moves to the market ,its price is ___________	Negotiated Pricing	Monopoly Pricing	Price Lining	e bidding		Monopoly Pricing
There is no competition or no substitute in _____________	Price Lining	Negotiated Pricing	Competitive bidding	Monopoly Pricing		Monopoly Pricing
Form of deductions from the list price	Trade Discount	Quantity Discount	Cash Discount	Seasonal Discount		Trade Discount
Many prices are not desired and the prices should not be too close to each other or too far from each other is __________	Price Lining	Negotiated Pricing	Competitive bidding	Monopoly Pricing		Price Lining
and retailers as a consideration for the remaining marketing function to be performed by them	Trade Discount	Quantity Discount	Cash Discount	Seasonal Discount		Trade Discount
__________ is allowed to encourage a buyer to purchase in bulk	Trade Discount	Quantity Discount	Cash Discount	Seasonal Discount		Quantity Discount

When one shows interest in buying the product every salesman faces objections fron the prospective buyer.	handling objection	closinig the sales	follow up sales	none		handling objection
consumer by the seller for remitting the bill within the specified period of time is called ---------.	Trade Discount	Quantity Discount	Cash Discount	Seasonal Discount		Cash Discount
The Seller explains about the special features, merits, benefits of the products is called _____________	Prospects	Pre-approaching	Approaching & Attention	Demostration		Demostration
Deduction from the invoice bill at the time of payment of ________	Trade Discount	Quantity Discount	Cash Discount	Seasonal Discount		Cash Discount
The first impression of the salesman may bring long run benefit repeated sales is ________	Prospects	Pre-approaching	Approaching & Attention	Demostration		Approaching & Attention
#NAME?	Trade Discount	Quantity Discount	Cash Discount	Seasonal Discount		Seasonal Discount
about the prospective buyers or qualified buyers as to their needs , problems, buying motives, preferences	Prospects	Pre-approaching	Approaching & Attention	Demostration		Pre-approaching
Where no sales may be possible dealer will allow ___________	Trade Discount	Quantity Discount	Cash Discount	Seasonal Discount		Seasonal Discount
Searching for persons to whom sales can be affected is called ____________	Prospects	Pre-approaching	Approaching & Attention	Demostration		Prospects
Non profit organization adopt________ type of advertisement for inviting donations	product advertising	institutional advertising	commercial advertising	non commercial advertising		non commercial advertising

When one shows interest in buying the product every salesman faces objections from the prospective buyer is _______	handling objection	closinig the sales	follow up sales	sales		handling objection
The advertising is concerned with selling products or idea to increase the sales volume is _____________	product advertising	institutiona l advertising	commercial advertising	non commercial advertising		commercial advertising
The advertiser can keep a close touch with the customers orthe public who are supposed to have interest in his product is ___________	indoor advertising	outdoor advertising	direct advertising	promotiona l advertising		direct advertising
The products are systematically kept ina place so as to attract the attention and notice of the lookers is ______	indoor advertising	outdoor advertising	direct advertising	promotiona l advertising		promotiona l advertising
The medium used to attract the public by creating an interest on them is ____________	indow displ	nterior displa	showroom	exhibition		window display
The related articles displayed within easy reach and made easy for the buyers to get the products needed by them is __________	window display	nterior displa	showroom	exhibition		interior display
Consumers always insist on prior inspection of the products which they aim to purchase is ___________	window display	nterior displa	showroom	exhibition		showroom
All big or small manufacturers reserve stalls in the area to exhibit their products is ________	window display	nterior displa	showroom	exhibition		exhibition
An independent middleman who negotiates all sales of a specified line of merchandise or the entire output of its principal is _______	broker	mmission ag	manufactur ers agent	selling agent		selling agent
buying for retailers and receives compensation as a fee on commission basis is called __________	esident buye	auctioneer	Non buyers	sellers		resident buyers

The person who receives the goods and invites bids for the goods is ___________	esident buye	auctioneer	consumers	vendors		auctioneer

KARPAGAM ACADEMY OF HIGHER EDUCATION
(Deemed to be University Under Section 3 of UGC Act)
KARPAGAM UNIVERSITY
DEPARTMENT OF MANAGEMENT
II BBA – III SEMESTER
PRINCIPLES OF MARKETING (18BAU301)
UNIT V

Services marketing are a specialized branch of marketing. Services marketing emerged as a separate field of study in the early 1980s, following the recognition that the unique characteristics of services required different strategies compared with the marketing of physical goods.

Services marketing typically refers to both business to consumer (B2C) and business-to-business (B2B) services, and includes marketing of services such as telecommunications services, financial services, all types of hospitality, tourism leisure and entertainment services, car rental services, health care services and professional services and trade services. Service marketers often use an expanded marketing mix which consists of the seven Ps: product, price, place, promotion, people, physical evidence and process. A contemporary approach, known as service-dominant logic, argues that the demarcation between products and services that persisted throughout the 20th century was artificial and has obscured that everyone sells service. The S-D logic approach is changing the way that marketers understand value-creation and is changing concepts of the consumer's role in service delivery processes

The American Marketing Association defines services marketing as an organisational function and a set of processes for identifying or creating, communicating, and delivering value to customers and for managing customer relationship in a way that benefit the organisation and stake-holders. Services are (usually) intangible economic activities offered by one party to another. Often time-based, services performed bring about desired results to recipients, objects, or other assets for which purchasers have responsibility. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved.

Definition of Service Marketing:

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.

In most countries, services add more economic value than agriculture, raw materials and manu-facturing combined. In developed economies, employment is dominated by service jobs and most new job growth comes from services.

Jobs range from high-paid professionals and technicians to minimum-wage positions. Service organizations can be of any size from huge global corporations to local small businesses. Most activities by the government agencies and non-profit organizations involves services.

The American Marketing Association, defines services as activities, benefits, or satisfactions that are offered for sale or provided with sale of goods to the customer, that is, pre-sale and after-sales services. Berry states, ‘while a product is an object, devise or physical thing, a service is a deed, performance, or an effort’.

Features of 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 get-ting. 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 usu-ally 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.

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.

Types of Services

1. **Core Services:** A service that is the primary purpose of the transaction. Eg: a haircut or the services of lawyer or teacher.
2. **Supplementary Services:** Services that are rendered as a corollary to the sale of a tangible product. Eg: Home delivery options offered by restaurants above a minimum bill value.

Difference between Goods and Services

Given below are the fundamental differences between physical goods and services:

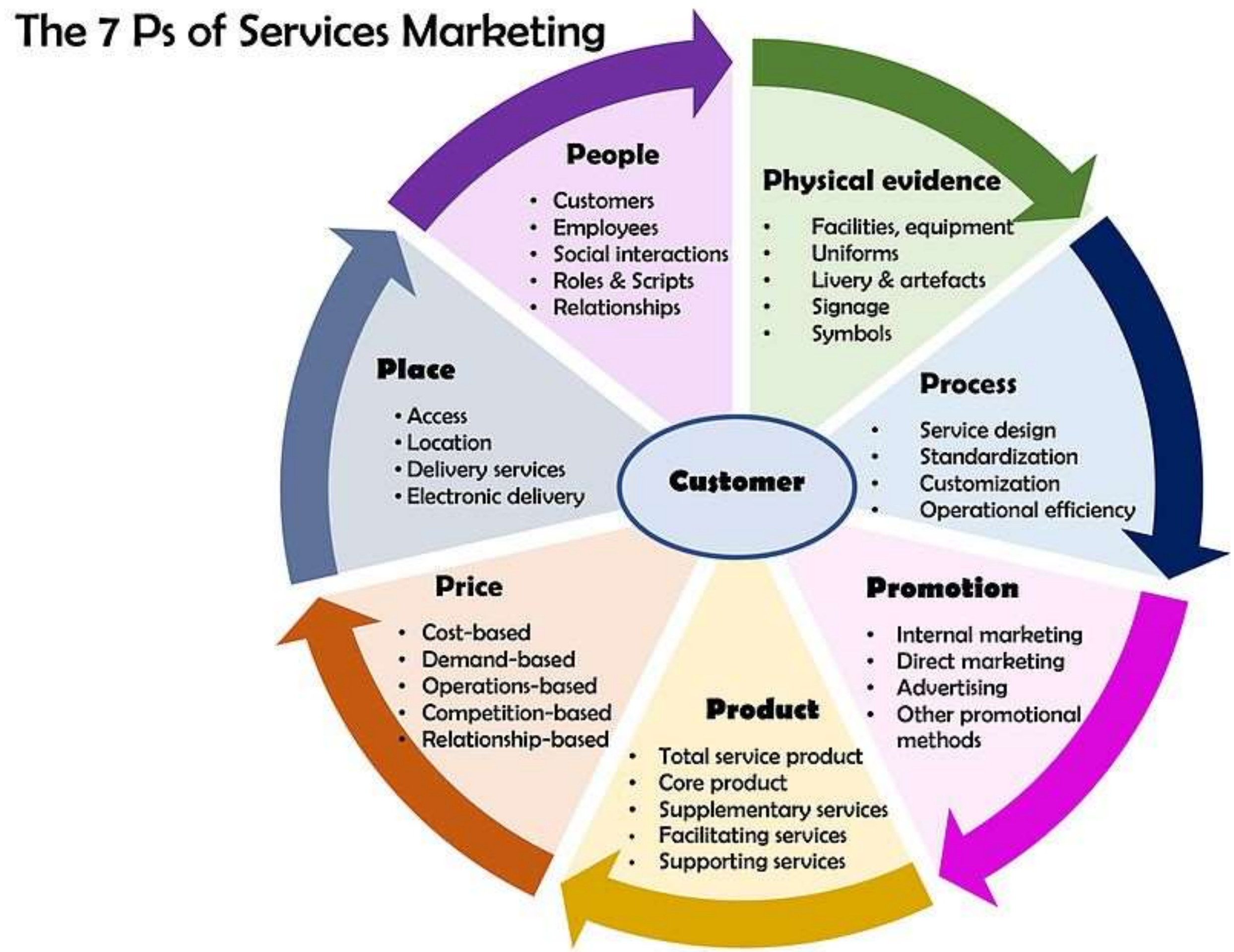
Goods	Services
A physical commodity	A process or activity
Tangible	Intangible
Homogenous	Heterogeneous
Production and distribution are separation from their consumption	Production, distribution and consumption are simultaneous processes
Can be stored	Cannot be stored
Transfer of ownership is possible	Transfer of ownership is not possible

Importance of Marketing of Services

Given the intangibility of services, marketing them becomes a particularly challenging and yet extremely important task.

A key differentiator: Due to the increasing homogeneity in product offerings, the attendant services provided are emerging as a key differentiator in the mind of the consumers. Eg: In case of two fast food chains serving a similar product (Pizza Hut and Domino's), more than the product it is the service quality that distinguishes the two brands from each other. Hence, marketers can leverage on the service offering to differentiate themselves from the competition and attract consumers.

Importance of relationships: Relationships are a key factor when it comes to the marketing of services. Since the product is intangible, a large part of the customers' buying decision will depend on the degree to which he trusts the seller. Hence, the need to listen to the needs of the customer and fulfill them through the appropriate service offering and build a long lasting relationship which would lead to repeat sales and positive word of mouth.



Customer Retention:

Given today's highly competitive scenario where multiple providers are vying for a limited pool of customers, retaining customers is even more important than attracting new ones. Since services are usually generated and consumed at the same time, they actually involve the customer in service delivery process by taking into consideration his requirements and feedback. Thus they offer greater scope for customization according to customer requirements thus offering increased satisfaction leading to higher customer retention.

The 7 P's of Services Marketing

The first four elements in the services marketing mix are the same as those in the traditional marketing mix. However, given the unique nature of services, the implications of these are slightly different in case of services.

Product

In case of services, the 'product' is intangible, heterogeneous and perishable. Moreover, its production and consumption are inseparable. Hence, there is scope for customizing the offering as per customer requirements and the actual customer encounter therefore assumes particular significance. However, too much customization would compromise the standard delivery of the service and adversely affect its quality. Hence particular care has to be taken in designing the service offering.

Pricing

Pricing of services is tougher than pricing of goods. While the latter can be priced easily by taking into account the raw material costs, in case of services attendant costs - such as labor and overhead costs - also need to be factored in. Thus a restaurant not only has to charge for the cost of the food served but also has to calculate a price for the ambience provided. The final price for the service is then arrived at by including a mark up for an adequate profit margin.

Place: Since service delivery is concurrent with its production and cannot be stored or transported, the location of the service product assumes importance. Service providers have to give special thought to where the service would be provided. Thus, a fine dine restaurant is better located in a busy, upscale market as against on the outskirts of a city. Similarly, a holiday resort is better situated in the countryside away from the rush and noise of a city.

Promotion

Since a service offering can be easily replicated promotion becomes crucial in differentiating a service offering in the mind of the consumer. Thus, service providers offering identical services such as airlines or banks and insurance companies invest heavily in advertising their services. This is crucial in attracting customers in a segment where the services providers have nearly identical offerings.

We now look at the 3 new elements of the services marketing mix - people, process and physical evidence - which are unique to the marketing of services.

People

People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Thus, a restaurant is known as much for its food as for the service provided by its staff. The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organizations today.

Process: The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Therefore, most companies have a service blue print which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.

Physical Evidence

Since services are intangible in nature most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience. Thus, there are hair salons that have well designed waiting areas often with magazines and plush sofas for patrons to read and relax while they await their turn. Similarly, restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests.

CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management (CRM) is an approach to managing a company's interaction with current and potential customers. It uses data analysis about customers' history with a company and to improve business relationships with customers, specifically focusing on customer retention and ultimately driving sales growth.

One important aspect of the CRM approach is the systems of CRM that compile data from a range of different communication channels, including a company's website, telephone, email, live chat, marketing materials, and more recently, social media.

Through the CRM approach and the systems used to facilitate it, businesses learn more about their target audiences and how to best cater to their needs. However, adopting the CRM approach may also occasionally lead to favoritism within an audience of consumers, resulting in dissatisfaction among customers and defeating the purpose of CRM.

Customer relationship management includes various strategies and techniques to maintain healthy relationship with the organization's existing as well as potential customers. Orgnaizations must ensure customers are satisfied with their products and services for higher customer retention. Remember one satisfied customer brings ten new customers with him where as one dissatisfied customer takes away ten customers along with him.

In simpler words, customer relationship management refers to the study of needs and expectations of the customers and providing them the right solution.

Need for Customer Relationship Management

Customer Relationship Management leads to satisfied customers and eventually higher business every time. Customer Relationship Management goes a long way in retaining existing customers.Customer relationship management ensures customers return back home with a smile. Customer relationship management improves the relationship between the organization and customers. Such activities strengthen the bond between the sales representatives and customers.

Steps to Customer Relationship Management

- **It is essential for the sales representatives to understand the needs, interest as well as budget of the customers**. Don't suggest anything which would burn a hole in their pockets.
- **Never tell lies to the customers**. Convey them only what your product offers. Don't cook fake stories or ever try to fool them.
- **It is a sin to make customers waiting**. Sales professionals should reach meetings on or before time. Make sure you are there at the venue before the customer reaches.
- **A sales professional should think from the customer's perspective**. Don't only think about your own targets and incentives. Suggest only what is right for the customer. Don't sell an expensive mobile to a customer who earns rupees five thousand per month. He would never come back to you and your organization would lose one of its esteemed customers.
- **Don't oversell**. Being pushy does not work in sales. It a customer needs something; he would definitely purchase the same. Never irritate the customer or make his life hell. Don't call him more than twice in a single day.

- **An individual needs time to develop trust in you and your product**. Give him time to think and decide.
- **Never be rude to customers**. Handle the customers with patience and care. One should never ever get hyper with the customers.
- **Attend sales meeting with a cool mind**. Greet the customers with a smile and try to solve their queries at the earliest.
- **Keep in touch with the customers even after the deal**. Devise customer loyalty programs for them to return to your organization. Give them bonus points or gifts on every second purchase.
- **The sales manger must provide necessary training to the sales team to teach them how to interact with the customers**. Remember customers are the assets of every business and it is important to keep them happy and satisfied for successful functioning of organization.

Features of CRM

Customer Relationship Management is a strategy which is customized by an organization to manage and administrate its customers and vendors in an efficient manner for achieving excellence in business. It is primarily entangled with following features:

1. **Customers Needs-** An organization can never assume what actually a customer needs. Hence it is extremely important to interview a customer about all the likes and dislikes so that the actual needs can be ascertained and prioritized. Without modulating the actual needs it is arduous to serve the customer effectively and maintain a long-term deal.
2. **Customers Response-** Customer response is the reaction by the organization to the queries and activities of the customer. Dealing with these queries intelligently is very

important as small misunderstandings could convey unalike perceptions. Success totally depends on the understanding and interpreting these queries and then working out to provide the best solution. During this situation if the supplier wins to satisfy the customer by properly answering to his queries, he succeeds in explicating a professional and emotional relationship with him.

3. **Customer Satisfaction-** Customer satisfaction is the measure of how the needs and responses are collaborated and delivered to excel customer expectation. In today's competitive business marketplace, customer satisfaction is an important performance exponent and basic differentiator of business strategies. Hence, the more is customer satisfaction; more is the business and the bonding with customer.
4. **Customer Loyalty-** Customer loyalty is the tendency of the customer to remain in business with a particular supplier and buy the products regularly. This is usually seen when a customer is very much satisfied by the supplier and re-visits the organization for business deals, or when he is tended towards re-buying a particular product or brand over times by that supplier. To continue the customer loyalty the most important aspect an organization should focus on is customer satisfaction. Hence, customer loyalty is an influencing aspect of CRM and is always crucial for business success.
5. **Customer Retention-** Customer retention is a strategic process to keep or retain the existing customers and not letting them to diverge or defect to other suppliers or organization for business. Usually a loyal customer is tended towards sticking to a particular brand or product as far as his basic needs continue to be properly fulfilled. He does not opt for taking a risk in going for a new product. More is the possibility to retain customers the more is the probability of net growth of business.

6. **Customer Complaints-** Always there exists a challenge for suppliers to deal with complaints raised by customers. Normally raising a complaint indicates the act of dissatisfaction of the customer. There can be several reasons for a customer to launch a complaint. A genuine reason can also exist due to which the customer is dissatisfied but sometimes complaints are launched due to some sort of misunderstanding in analyzing and interpreting the conditions of the deal provided by the supplier regarding any product or service. Handling these complaints to ultimate satisfaction of the customer is substantial for any organization and hence it is essential for them to have predefined set of process in CRM to deal with these complaints and efficiently resolve it in no time.
7. **Customer Service-** In an organization Customer Service is the process of delivering information and services regarding all the products and brands. Customer satisfaction depends on quality of service provided to him by the supplier. The organization has not only to elaborate and clarify the details of the services to be provided to the customer but also to abide with the conditions as well. If the quality and trend of service go beyond customer's expectation, the organization is supposed to have a good business with customers.

CRM System is always important for an organization.

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.
2. CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to determine which customer can be profitable and which not.

3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.
4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an ‘Opportunity of Business’. The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.
5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.
6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.
7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.
8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

The various aspects of CRM oriented marketing are discussed below.

1. **Web Marketing**

   With the growing popularity of web, customers are tending towards web marketing or web shopping. This helps both customers and suppliers to transact in a real time environment irrespective of their locations. Some of the major advantages of Web Marketing are listed below:

   - It is relatively very inexpensive as it reduces the cost for physically reaching to the target customers for interaction.
   - Suppliers can reach to more number of customers in lesser amount of time.
   - The online marketing campaigns can be easily tracked, traced, calculated and tested.
   - The selection process of any product or brand is simplified due to proven online research and analysis techniques.
   - Online marketing campaigns are more promotional as compared to manual campaigns.

2. **Email Marketing**

   Email marketing has turned out to be more efficacious and inexpensive as compared to mail or phone based marketing strategies. Email marketing is direct marketing which is data driven and leads to more accurate customer response and effective fulfillment of customer needs. More attractive features include newsletters, sending of e Coupons, e Cards, provision of saving events into calendars etc.

3. **Analyzing customers buying behavior online**

A CRM system provides a platform to analyze the customers buying behavior online. This interactive strategy provides great accuracy with high speed which includes profiling services furnishing elaborated bits of information regarding customers purchasing habits or behavior. Individualized analysis of this behavior also helps to identify to which product or brand the customers are more tended.

4. **Forecasting future marketing strategies**

Down the line marketing strategies keeps on changing according to the emotional behavioral change of customers. CRM market forecasting techniques help to understand this change through regression and statistical analysis of customer behavior online. These are some complex but more accurate analysis techniques provided by CRM system which are proved to be one of best marketing strategies. This innovative approach is carried out with greater risks but is believed to outturn astonishing rewards.

5. **Building business impact models**

It is important for an organization to have check on marketing performance regularly so that the techniques never deteriorate and always match to yield greater results. These CRM oriented models help in delivering accurate measurement of marketing performance throughout the organization and to do better every time.

Consumer Protection Act

Meaning of consumer Protection

A state or federal law designed to protect consumers against improperly described, damaged, faulty, and dangerous goods and services as well as from unfair trade and credit practices.

Consumer protection is linked to the idea of consumer rights, and to the formation of consumer organizations, which help consumers make better choices in the marketplace and get help with consumer complaints. Other organizations that promote consumer protection include government organizations and self-regulating business organizations such as consumer protection agencies and organizations, ombudsmen, the Federal Trade Commission in America, and Better Business Bureaus in America and Canada, etc.

A consumer is defined as someone who acquires goods or services for direct use or ownership rather than for resale or use in production and manufacturing.

Consumer interests can also be protected by promoting competition in the markets which directly and indirectly serve consumers, consistent with economic efficiency, but this topic is treated in competition law.

Consumer protection can also be asserted via non-government organizations and individuals as consumer activism.

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.

Consumer Protection Act, 1986

The Consumer Protection Act, 1986 was enacted to provide a simpler and quicker access to redress of consumer grievances. The Act seeks to promote and protects the interest of consumers against deficiencies and defects in goods or services. It also seeks to secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers and traders.

The set-up of consumer forum is geared to provide relief to both parties, and discourage long litigation. In a process called 'informal adjudication', forum officials mediate between the two parties and urge compromise.

The Act applies to all goods and services unless specifically exempted by the Central Government. It covers all the sectors whether private, public or cooperative.

This Act has provided machinery whereby consumers can file their complaints which will be heard by the consumer forums with special powers so that action can be taken against erring suppliers and the possible compensation may be awarded to consumer for the hardships he has undergone.

The consumer under this law is not required to deposit huge court fees, which earlier used to deter consumers from approaching the courts. The rigours of court procedures have been replaced with simple procedures as compared to the normal courts, which helps in quicker redressal of grievances. The provisions of the Act are compensatory in nature.

Basic rights of consumers include:

- Right to be protected against marketing of goods and services which are hazardous to life and property.
- Right to be informed about the quality, quantity, standard and price of goods or services so as to protect the consumer against unfair trade practices.
- Right to be assured, wherever possible, access to variety of goods and services at competitive prices.

- Right to be heard and to be assured that consumers interests will receive due consideration at appropriate forums.
- Right to seek redressal against unfair trade practices.
- Right to consumer education.
- Consumer redressal forum
- Under the Consumer Protection Act, every district has at least one consumer redressal forum also called a consumer court. Here, consumers can get their grievances heard. Above the district forums are the state commissions. At the top is the National Consumer Disputes Redressal Commission in New Delhi.
- A written complaint to the company is taken as proof that the company has been informed. The complaint must be backed by copies of bills, prescriptions and other relevant documents, and should set a deadline for the company to respond. Consumers can also complain through a consumer organisation.
- Claims of less than Rs. 5 lakh should be filed with district forum, claims of Rs. 5-Rs. 20 lakh directly with the state commission, and claims of more than Rs. 20 lakh with the National Commission.

To file the complaint:

- Complaint is to be filed within two years of buying the product or using the service.
- Complaint needs to be in writing. Letters should be sent by registered post, hand-delivered, by email or fax. Don't forget to take an acknowledgment.
- The complaint should mention the name and address of the person who is complaining and against whom the complaint is being filed. Copies of relevant documents must be enclosed.

- The consumer must mention details of the problem and the demand on the company for redressal. This could be replacement of the product, removal of the defect, refund of money, or compensation for expenses incurred and for physical/mental torture. Please ensure that the claims are reasonable.
- The complaint can be in any Indian language, but it is better to use English.
- There is no compulsion to hire a lawyer. Main cost consists of correspondence and travelling to the consumer forum for the hearing
- Maintain a complete record of the emails and documents sent by you.

Appeal

Appeal is a legal instrumentality whereby a person not satisfied with the findings of a court has an option to go to a higher court to present his case and seek justice. In the context of consumer forums:

An appeal can be made with the state commission against the order of the district forum within 30 days of the order which is extendable for further 15 days. (Section 15)

An appeal can be made with the National Commission against the order of the state commission within 30 days of the order or within such time as the National Commission allows. (Section 19) An appeal can be made with the Supreme Court against the order of the National Commission within 30 days of the order or within such time as the Supreme Court allows. (Section 23)

Penalties

The consumer courts (district court, state commission and National Commission) are given vast powers to enforce their orders. If a defaulter does not appear in court despite notices and reminders, the court may decide the matter in his absence. The forum can sentence the defaulter to a maximum of three years' imprisonment and impose a fine of Rs. 10,000. Forums can issue warrants to produce defaulters in court. They can use the police and revenue departments to enforce orders.

The rights of consumers needs to be protected since they avail services given by the service providers based on trust and faith and thus it's a necessity to keep a check on the service providers for the sake of service recipient.

Significance of Consumer Protection Act

This statue is regarded as the Magna Carta in the field of consumer protection for checking the unfair trade practices and 'defect in goods' and 'deficiencies in services' as far as India is concerned. It led to the establishment of a widespread network of consumer forums and appellate courts all over India. It has significantly impacted how businesses approach consumer complaints and empowered consumers to a great extent

Objectives of Consumer Protection Act

Objectives of Central Council

The objectives of the Central Council is to promote and protect the rights of the consumers such as:-

1. the right to be protected against the marketing of goods and services which are hazardous to life and property.
2. the right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be so as to protect the consumer against unfair trade practices;
3. the right to be assured, wherever possible, access to a variety of goods and services at competitive prices ;

4. the right to be heard and to be assured that consumer's interest will receive due consideration at appropriate forums;
5. the right to seek redressal against unfair trade practices or restrictive trade practices or unscrupulous exploitation of consumers; and
6. the right to consumer education.

Objectives of State Council

The objective of every State Council shall be to promote and protect within the State the rights of the consumers laid down in clauses 1 to 6 in central council objectves

Email marketing

Email marketing is the act of sending a commercial message, typically to a group of people, using email. In its broadest sense, every email sent to a potential or current customer could be considered email marketing. It usually involves using email to send advertisements, request business, or solicit sales or donations, and is meant to build loyalty, trust, or brand awareness. Marketing emails can be sent to a purchased lead list or a current customer database. The term usually refers to sending email messages with the purpose of enhancing a merchant's relationship with current or previous customers, encouraging customer loyalty and repeat business, acquiring new customers or convincing current customers to purchase something immediately, and sharing third-party ads.

E-marketing is referred to those strategies and techniques which utilized online ways to reach target customers. There are millions of Internet users that daily access different websites using a variety of tools like computers, laptops, tablet and smart or android phone devices, and the number of internet users are increasing very rapidly. So every business seems to be jumping on the internet marketing bandwagon. The internet is most powerful tool that can put any business on solid footing with market leaders companies. There are many free as well as economical way on internet to promote your business. Successful companies must ask themselves some tough questions about how they will promote their business online? What their company expectations are? And what will be their plan to meet those expectations? After answer all these questions a company should design an effective marketing plan.

Definition

E marketing also known as online or internet advertising which uses the internet technology to promote online message to customer. E-marketing examples are email or social media advertising, web banners and mobile advertising.

Advantages and Disadvantages of E-Marketing

Advantage of E-Marketing

1. Internet provides 24 hours and 7 days "24/7" service to its users. So you can build and make customers relationships worldwide, and your customer can shop or order product at any time.

2. The cost of spreading your message on internet is nothing. Many social media sites like Facebook, Linkedin and Google plus allow you freely advertise and promote your business.
3. You can easy and instantly update your registered customers or subscribers through email.
4. Visitors or potential customers of your website can get up to the minute information on each visit.
5. If you are having a sale, your customers can start shopping at the discounted prices literally as soon as they open their email.
6. If a company has an information sensitive business, like a law firm, newspaper or online magazine, that company can also deliver its products directly to customers without having to use a courier.

Disadvantages of E-Marketing

1. If you want a strong online advertising campaign you have to spend money. The cost of web site design, software, hardware, maintenance of your business site, online

distribution costs and invested time, all must be factored into the cost of providing your service or product online.

2. Almost over 60% of households now a day shop online. While that numbers are continuously growing, your company needs to reach maximum people.
3. Some people prefer the live interaction when they buy any product. And if your company has a small business with one location, this may also deter customers from buying who lives on long distances.
4. Your company should have updated information on your site. This requires research and skills and thus timing of updates is also critical.
5. Is your company web site secure? There are many incorrect stereotypes about the security of the internet. As a result, many visitors of your business web site will not want to use their credit card to make a purchase. So there is a fear in the minds of your visitors of having their credit card info stolen.

UNIT V

Questions	Option 1	Option 2	Option 3	Option 4	Option 5	Answer
The goods from a place where they are not needed are transferred to place where they are needed is	transportation	storage	assembling	selling		transportation
The study of the size, location, nature and characteristics of markets is __________	research on markets	research on place	research on product	research on sales		research on markets
Analyses sales volume, sales performance data, new performance in test marketing is	research on product	research on sales	research on markets	research on place		research on sales
___________ involves new product development, brand image,product test,test marketing	research on markets	research on sales	research on product	research on place		research on product
It emphasis the studies on economic and technological forecasting____________	research on markets	business economic research	research on sales	corporate growth research		corporate growth research
it is concerned with economic forecasting and business trend analysis____________	business economic research	research on sales	corporate growth research	research on markets		business economic research
when the information is obtained directil and specially for the problem, it is known as	primary data	secondary data	tabulation	analysis		primary data
when the information is already collected by someone for some other purpose and at the same time	analysis	tabulation	secondary data	primary data		secondary data
After the collection of data they are to be classified and tabulated into statistical summarisation	secondary data	primary data	tabulation	analysis		tabulation

Company's profit and loss account, balance sheet, sales figures, sales reports belongs	internal sources	tabulation	external sources	analysis		internal sources
When available information is irrelavant and insufficient then one will depend upon_____________	internal sources	external sources	tabulation	analysis		external sources
The method of gathering primary data involves the establishment of a scale model or a controlled	experimental method	observation method	survey method	Secondary method		experimental method
The data are collected by observing some action of the respondent is ___________	experimental method	observation method	survey method	Secondary method		observation method
Gathering data by interviewing a limited number of people selected from a large group is _______	experimental method	observation method	survey method	Secondary method		survey method
In the market __________are the ki	producer	consumer	advertising	organizers		consumer
___________is the management tool for making decision and future plans	marketing survey	market research	planning	Controling		market research
The marketing function of exchang	buying,assembling&selling	storage&transport	financing	warehousing		buying,assembling&selling
The facilitating function are ______	buying,assembling&selling	storage&transport	Packaging	financing		financing
Transportation creates _________ utilioties	time utility	place utility	form utility	form and time utility		place utility

When exchanges are confirmed with in a family or close members of the family is called	local market	family market	national market	region Market		family market
The types of goods sold in our country is called__________	local market	family market	national market	region Market		national market
The goal of marketing is to move the products from the producer to___________	consumer	retailer	wholesaler	customer		consumer
Creating a particular image in the minds of the people is known as ___________	product planning	price	branding	personnel selling		branding
Increasing the sales and at the same time to know the consumers needs and wants is	price	product planning	personnel selling	branding		personnel selling
Introduction of products and modification of products to suit the demand and elimination of	product planning	price	branding	personnel selling		product planning
Marketing manager makes out programme to increase the sales through exhibition , displays and	sales promotion	physical distribution	market research	internal competitio n		sales promotion
Delivery of products at the right time and at the right place is _________	physical distribution	sales promotion	sales promotion	internal competitio n		physical distribution
It is the system by which one can analyse the market conditions are __________	market research	physical distribution	market research	internal competitio n		market research
The systematic gathering, recording, and analysing of data about problems relating to the	Ronald	Fredrick	Mitchell	Clark and Clark		Ronald

To know the customers expectation regarding the product is ______	market information	marketing research	market	marketing		market information
To evaluate the reactons of consumer and customer is _________	market information	marketing research	market	marketing		marketing research
To find new methods of packaging by comparing other similar packages is ________	market information	marketing research	market	marketing		marketing research
To measure the effectiveness of advertising ____________	market information	marketing	market	marketing research		marketing research
To assess the future sales by __________	market information	marketing research	market	marketing		marketing research
To evaluate policies and plans in right course of action is ______________	market	marketing research	market information	marketing		marketing research
To know the estimation of demand by __________	market information	marketing	market	marketing research		marketing research
To know the developmant of science and technology by__________	market research	marketing	market information	marketing		marketing research
To study the customer acceptance of products is called ___________	market information	marketing research	market	marketing		marketing research
To study the price trends by __________	market information	marketing	market	marketing research		marketing research

To evaluate the profitability of different markets is done by collecting __________	market information	marketing research	market	marketing		market information
____________ is the the facilitating function	buying ,assemblin g & selling	storage & transport	Financing	warehousin g		Financing
Transportation creates ___________ utilities	Time utility	Place utility	Form utility	form and time utility		Place utility
The net saving of producer-seller is about________ % of the selling produce	3-5	4-6	5-7	6-8		3-5
The producers assembling market are about _________% in Punjab	73	80	74	90		73
The producers assembling market are about ____________ % in Karnataka	73	80	74	90		80
Market regulation is enacted by the__________	state governmen t	directorate of marketing	State and Central	Self - Governmen t		state governmen t
Market regulation is assisted by________	state governmen t	directorate of marketing	State and Central	none		directorate of marketing
The seminar on regulated markets organized by the ministery of food and agriculture in _________	1959	1969	1979	1989		1959
The number of committee numbers should be between__________	12-18	18-24	24-30	30-34		12-18

_______ approaches the customer by opening shop near to them	multiple shops	department al stores	chain stores	Petty shops		Petty shops
The price in this stores is not very high in _________	multiple shops	department al stores	chain stores	super market		department al stores
Customers can buy variety of goods under one roof at ________	multiple shops	department al stores	chain stores	Stationery shops		department al stores
-----------gives credit facilities to regular customers	multiple shops	department al stores	chain stores	Kirana shops		Kirana shops
A combination of decentralized buying and centralized selling-----	multiple shops	chain stores	department al stores	Petty shops		department al stores
It is a combination of centralized buying and decentralized in __________	multiple shops	department al stores	chain stores	Petty shops		department al stores
Profit or loss is calculated on the entire stock in __________ is difficult	multiple shops	department al stores	chain stores	Stationery shops		department al stores
The Indian committee was set up in the year ________	1918	1917	1920	1927		1918
The Bombay cotton markets was set up in the year ____________	1918	1917	1920	1927		1927
point out the defects in the working of the traditional markets by _________	Indian cotton committee	Bombay cotton committee	provincial banking enquiry	commercial crops marketing		provincial banking enquiry

The Madras commercial crops marketing act passed in the year	1918	1917	1920	1933		1933

KARPAGAM ACADEMY OF HIGHER EDUCATION
(Deemed to be University Under Section 3 of UGC Act)
KARPAGAM UNIVERSITY
DEPARTMENT OF MANAGEMENT
II BBA – III SEMESTER
PRINCIPLES OF MARKETING (18BAU301)
UNIT V

Services marketing are a specialized branch of marketing. Services marketing emerged as a separate field of study in the early 1980s, following the recognition that the unique characteristics of services required different strategies compared with the marketing of physical goods.

Services marketing typically refers to both business to consumer (B2C) and business-to-business (B2B) services, and includes marketing of services such as telecommunications services, financial services, all types of hospitality, tourism leisure and entertainment services, car rental services, health care services and professional services and trade services. Service marketers often use an expanded marketing mix which consists of the seven Ps: product, price, place, promotion, people, physical evidence and process. A contemporary approach, known as service-dominant logic, argues that the demarcation between products and services that persisted throughout the 20th century was artificial and has obscured that everyone sells service. The S-D logic approach is changing the way that marketers understand value-creation and is changing concepts of the consumer's role in service delivery processes

The American Marketing Association defines services marketing as an organisational function and a set of processes for identifying or creating, communicating, and delivering value to customers and for managing customer relationship in a way that benefit the organisation and stake-holders. Services are (usually) intangible economic activities offered by one party to another. Often time-based, services performed bring about desired results to recipients, objects, or other assets for which purchasers have responsibility. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved.

Definition of Service Marketing:

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.

In most countries, services add more economic value than agriculture, raw materials and manu-facturing combined. In developed economies, employment is dominated by service jobs and most new job growth comes from services.

Jobs range from high-paid professionals and technicians to minimum-wage positions. Service organizations can be of any size from huge global corporations to local small businesses. Most activities by the government agencies and non-profit organizations involves services.

The American Marketing Association, defines services as activities, benefits, or satisfactions that are offered for sale or provided with sale of goods to the customer, that is, pre-sale and after-sales services. Berry states, ‘while a product is an object, devise or physical thing, a service is a deed, performance, or an effort’.

Features of 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 get-ting. 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 usu-ally 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.

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.

Types of Services

1. **Core Services:** A service that is the primary purpose of the transaction. Eg: a haircut or the services of lawyer or teacher.
2. **Supplementary Services:** Services that are rendered as a corollary to the sale of a tangible product. Eg: Home delivery options offered by restaurants above a minimum bill value.

Difference between Goods and Services

Given below are the fundamental differences between physical goods and services:

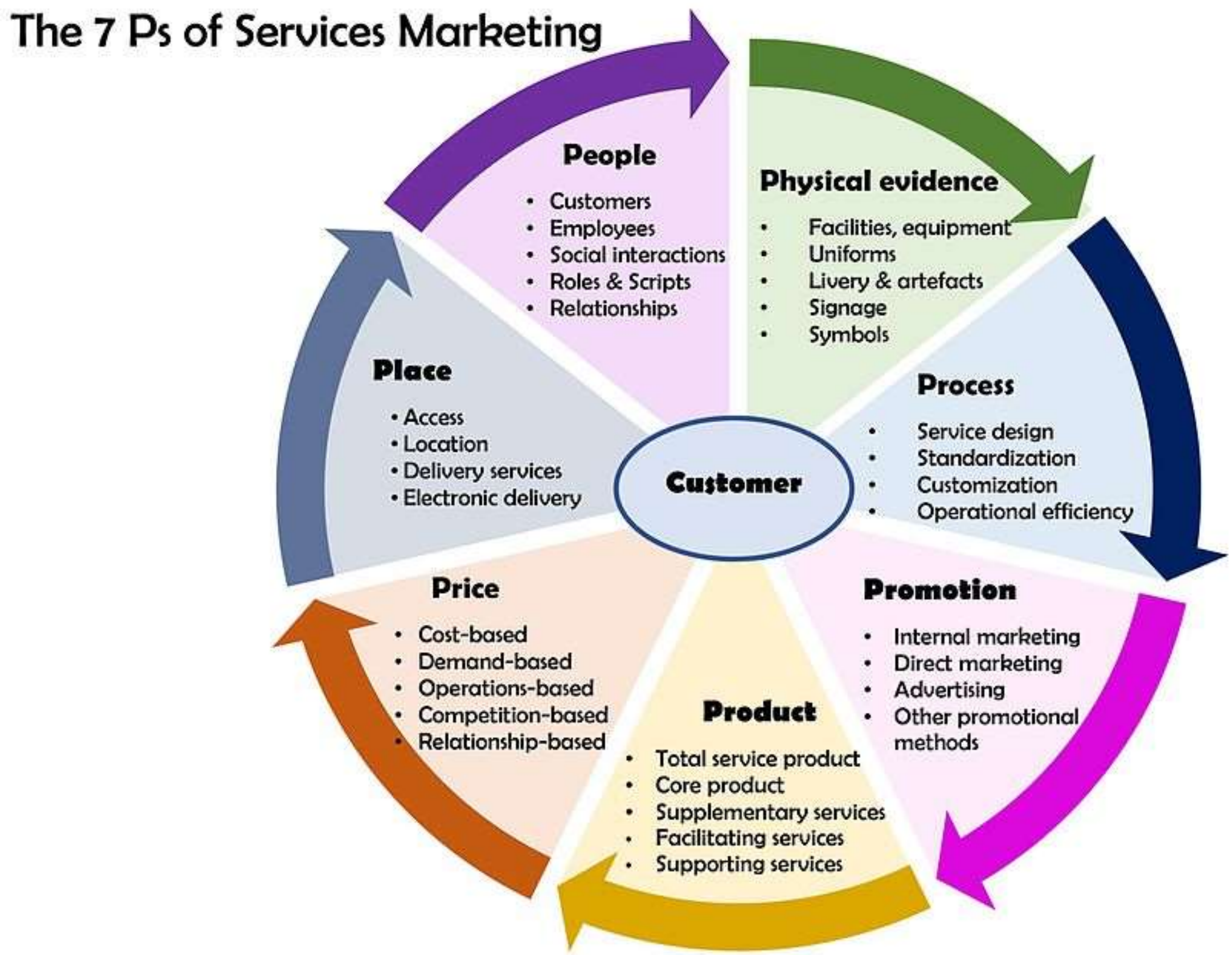
Goods	Services
A physical commodity	A process or activity
Tangible	Intangible
Homogenous	Heterogeneous
Production and distribution are separation from their consumption	Production, distribution and consumption are simultaneous processes
Can be stored	Cannot be stored
Transfer of ownership is possible	Transfer of ownership is not possible

Importance of Marketing of Services

Given the intangibility of services, marketing them becomes a particularly challenging and yet extremely important task.

A key differentiator: Due to the increasing homogeneity in product offerings, the attendant services provided are emerging as a key differentiator in the mind of the consumers. Eg: In case of two fast food chains serving a similar product (Pizza Hut and Domino's), more than the product it is the service quality that distinguishes the two brands from each other. Hence, marketers can leverage on the service offering to differentiate themselves from the competition and attract consumers.

Importance of relationships: Relationships are a key factor when it comes to the marketing of services. Since the product is intangible, a large part of the customers' buying decision will depend on the degree to which he trusts the seller. Hence, the need to listen to the needs of the customer and fulfill them through the appropriate service offering and build a long lasting relationship which would lead to repeat sales and positive word of mouth.



Customer Retention:

Given today's highly competitive scenario where multiple providers are vying for a limited pool of customers, retaining customers is even more important than attracting new ones. Since services are usually generated and consumed at the same time, they actually involve the customer in service delivery process by taking into consideration his requirements and feedback. Thus they offer greater scope for customization according to customer requirements thus offering increased satisfaction leading to higher customer retention.

The 7 P's of Services Marketing

The first four elements in the services marketing mix are the same as those in the traditional marketing mix. However, given the unique nature of services, the implications of these are slightly different in case of services.

Product

In case of services, the 'product' is intangible, heterogeneous and perishable. Moreover, its production and consumption are inseparable. Hence, there is scope for customizing the offering as per customer requirements and the actual customer encounter therefore assumes particular significance. However, too much customization would compromise the standard delivery of the service and adversely affect its quality. Hence particular care has to be taken in designing the service offering.

Pricing

Pricing of services is tougher than pricing of goods. While the latter can be priced easily by taking into account the raw material costs, in case of services attendant costs - such as labor and overhead costs - also need to be factored in. Thus a restaurant not only has to charge for the cost of the food served but also has to calculate a price for the ambience provided. The final price for the service is then arrived at by including a mark up for an adequate profit margin.

Place: Since service delivery is concurrent with its production and cannot be stored or transported, the location of the service product assumes importance. Service providers have to give special thought to where the service would be provided. Thus, a fine dine restaurant is better located in a busy, upscale market as against on the outskirts of a city. Similarly, a holiday resort is better situated in the countryside away from the rush and noise of a city.

Promotion

Since a service offering can be easily replicated promotion becomes crucial in differentiating a service offering in the mind of the consumer. Thus, service providers offering identical services such as airlines or banks and insurance companies invest heavily in advertising their services. This is crucial in attracting customers in a segment where the services providers have nearly identical offerings.

We now look at the 3 new elements of the services marketing mix - people, process and physical evidence - which are unique to the marketing of services.

People

People are a defining factor in a service delivery process, since a service is inseparable from the person providing it. Thus, a restaurant is known as much for its food as for the service provided by its staff. The same is true of banks and department stores. Consequently, customer service training for staff has become a top priority for many organizations today.

Process: The process of service delivery is crucial since it ensures that the same standard of service is repeatedly delivered to the customers. Therefore, most companies have a service blue print which provides the details of the service delivery process, often going down to even defining the service script and the greeting phrases to be used by the service staff.

Physical Evidence

Since services are intangible in nature most service providers strive to incorporate certain tangible elements into their offering to enhance customer experience. Thus, there are hair salons that have well designed waiting areas often with magazines and plush sofas for patrons to read and relax while they await their turn. Similarly, restaurants invest heavily in their interior design and decorations to offer a tangible and unique experience to their guests.

CUSTOMER RELATIONSHIP MANAGEMENT

Customer relationship management (CRM) is an approach to managing a company's interaction with current and potential customers. It uses data analysis about customers' history with a company and to improve business relationships with customers, specifically focusing on customer retention and ultimately driving sales growth.

One important aspect of the CRM approach is the systems of CRM that compile data from a range of different communication channels, including a company's website, telephone, email, live chat, marketing materials, and more recently, social media.

Through the CRM approach and the systems used to facilitate it, businesses learn more about their target audiences and how to best cater to their needs. However, adopting the CRM approach may also occasionally lead to favoritism within an audience of consumers, resulting in dissatisfaction among customers and defeating the purpose of CRM.

Customer relationship management includes various strategies and techniques to maintain healthy relationship with the organization’s existing as well as potential customers. Orgnaizations must ensure customers are satisfied with their products and services for higher customer retention. Remember one satisfied customer brings ten new customers with him where as one dissatisfied customer takes away ten customers along with him.

In simpler words, customer relationship management refers to the study of needs and expectations of the customers and providing them the right solution.

Need for Customer Relationship Management

Customer Relationship Management leads to satisfied customers and eventually higher business every time. Customer Relationship Management goes a long way in retaining existing customers.Customer relationship management ensures customers return back home with a smile.

Customer relationship management improves the relationship between the organization and customers. Such activities strengthen the bond between the sales representatives and customers.

Steps to Customer Relationship Management

- **It is essential for the sales representatives to understand the needs, interest as well as budget of the customers**. Don't suggest anything which would burn a hole in their pockets.
- **Never tell lies to the customers**. Convey them only what your product offers. Don't cook fake stories or ever try to fool them.
- **It is a sin to make customers waiting**. Sales professionals should reach meetings on or before time. Make sure you are there at the venue before the customer reaches.
- **A sales professional should think from the customer's perspective**. Don't only think about your own targets and incentives. Suggest only what is right for the customer. Don't sell an expensive mobile to a customer who earns rupees five thousand per month. He would never come back to you and your organization would lose one of its esteemed customers.
- **Don't oversell**. Being pushy does not work in sales. It a customer needs something; he would definitely purchase the same. Never irritate the customer or make his life hell. Don't call him more than twice in a single day.

- **An individual needs time to develop trust in you and your product**. Give him time to think and decide.
- **Never be rude to customers**. Handle the customers with patience and care. One should never ever get hyper with the customers.
- **Attend sales meeting with a cool mind**. Greet the customers with a smile and try to solve their queries at the earliest.
- **Keep in touch with the customers even after the deal**. Devise customer loyalty programs for them to return to your organization. Give them bonus points or gifts on every second purchase.
- **The sales manger must provide necessary training to the sales team to teach them how to interact with the customers**. Remember customers are the assets of every business and it is important to keep them happy and satisfied for successful functioning of organization.

Features of CRM

Customer Relationship Management is a strategy which is customized by an organization to manage and administrate its customers and vendors in an efficient manner for achieving excellence in business. It is primarily entangled with following features:

1. **Customers Needs-** An organization can never assume what actually a customer needs. Hence it is extremely important to interview a customer about all the likes and dislikes so that the actual needs can be ascertained and prioritized. Without modulating the actual needs it is arduous to serve the customer effectively and maintain a long-term deal.
2. **Customers Response-** Customer response is the reaction by the organization to the queries and activities of the customer. Dealing with these queries intelligently is very

important as small misunderstandings could convey unalike perceptions. Success totally depends on the understanding and interpreting these queries and then working out to provide the best solution. During this situation if the supplier wins to satisfy the customer by properly answering to his queries, he succeeds in explicating a professional and emotional relationship with him.

3. **Customer Satisfaction-** Customer satisfaction is the measure of how the needs and responses are collaborated and delivered to excel customer expectation. In today's competitive business marketplace, customer satisfaction is an important performance exponent and basic differentiator of business strategies. Hence, the more is customer satisfaction; more is the business and the bonding with customer.
4. **Customer Loyalty-** Customer loyalty is the tendency of the customer to remain in business with a particular supplier and buy the products regularly. This is usually seen when a customer is very much satisfied by the supplier and re-visits the organization for business deals, or when he is tended towards re-buying a particular product or brand over times by that supplier. To continue the customer loyalty the most important aspect an organization should focus on is customer satisfaction. Hence, customer loyalty is an influencing aspect of CRM and is always crucial for business success.
5. **Customer Retention-** Customer retention is a strategic process to keep or retain the existing customers and not letting them to diverge or defect to other suppliers or organization for business. Usually a loyal customer is tended towards sticking to a particular brand or product as far as his basic needs continue to be properly fulfilled. He does not opt for taking a risk in going for a new product. More is the possibility to retain customers the more is the probability of net growth of business.

6. **Customer Complaints-** Always there exists a challenge for suppliers to deal with complaints raised by customers. Normally raising a complaint indicates the act of dissatisfaction of the customer. There can be several reasons for a customer to launch a complaint. A genuine reason can also exist due to which the customer is dissatisfied but sometimes complaints are launched due to some sort of misunderstanding in analyzing and interpreting the conditions of the deal provided by the supplier regarding any product or service. Handling these complaints to ultimate satisfaction of the customer is substantial for any organization and hence it is essential for them to have predefined set of process in CRM to deal with these complaints and efficiently resolve it in no time.
7. **Customer Service-** In an organization Customer Service is the process of delivering information and services regarding all the products and brands. Customer satisfaction depends on quality of service provided to him by the supplier. The organization has not only to elaborate and clarify the details of the services to be provided to the customer but also to abide with the conditions as well. If the quality and trend of service go beyond customer's expectation, the organization is supposed to have a good business with customers.

CRM System is always important for an organization.

1. A CRM system consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business.
2. CRM contains each and every bit of details of a customer, hence it is very easy for track a customer accordingly and can be used to determine which customer can be profitable and which not.

3. In CRM system, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.
4. A CRM system is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM system which is also called an 'Opportunity of Business'. The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal. All this is very easily and efficiently done by an integrated CRM system.
5. The strongest aspect of Customer Relationship Management is that it is very cost-effective. The advantage of decently implemented CRM system is that there is very less need of paper and manual work which requires lesser staff to manage and lesser resources to deal with. The technologies used in implementing a CRM system are also very cheap and smooth as compared to the traditional way of business.
6. All the details in CRM system is kept centralized which is available anytime on fingertips. This reduces the process time and increases productivity.
7. Efficiently dealing with all the customers and providing them what they actually need increases the customer satisfaction. This increases the chance of getting more business which ultimately enhances turnover and profit.
8. If the customer is satisfied they will always be loyal to you and will remain in business forever resulting in increasing customer base and ultimately enhancing net growth of business.

The various aspects of CRM oriented marketing are discussed below.

1. **Web Marketing**

   With the growing popularity of web, customers are tending towards web marketing or web shopping. This helps both customers and suppliers to transact in a real time environment irrespective of their locations. Some of the major advantages of Web Marketing are listed below:

   - It is relatively very inexpensive as it reduces the cost for physically reaching to the target customers for interaction.
   - Suppliers can reach to more number of customers in lesser amount of time.
   - The online marketing campaigns can be easily tracked, traced, calculated and tested.
   - The selection process of any product or brand is simplified due to proven online research and analysis techniques.
   - Online marketing campaigns are more promotional as compared to manual campaigns.

2. **Email Marketing**

   Email marketing has turned out to be more efficacious and inexpensive as compared to mail or phone based marketing strategies. Email marketing is direct marketing which is data driven and leads to more accurate customer response and effective fulfillment of customer needs. More attractive features include newsletters, sending of e Coupons, e Cards, provision of saving events into calendars etc.

3. **Analyzing customers buying behavior online**

A CRM system provides a platform to analyze the customers buying behavior online. This interactive strategy provides great accuracy with high speed which includes profiling services furnishing elaborated bits of information regarding customers purchasing habits or behavior. Individualized analysis of this behavior also helps to identify to which product or brand the customers are more tended.

4. **Forecasting future marketing strategies**

Down the line marketing strategies keeps on changing according to the emotional behavioral change of customers. CRM market forecasting techniques help to understand this change through regression and statistical analysis of customer behavior online. These are some complex but more accurate analysis techniques provided by CRM system which are proved to be one of best marketing strategies. This innovative approach is carried out with greater risks but is believed to outturn astonishing rewards.

5. **Building business impact models**

It is important for an organization to have check on marketing performance regularly so that the techniques never deteriorate and always match to yield greater results. These CRM oriented models help in delivering accurate measurement of marketing performance throughout the organization and to do better every time.

Consumer Protection Act

Meaning of consumer Protection

A state or federal law designed to protect consumers against improperly described, damaged, faulty, and dangerous goods and services as well as from unfair trade and credit practices.

Consumer protection is linked to the idea of consumer rights, and to the formation of consumer organizations, which help consumers make better choices in the marketplace and get help with consumer complaints. Other organizations that promote consumer protection include government organizations and self-regulating business organizations such as consumer protection agencies and organizations, ombudsmen, the Federal Trade Commission in America, and Better Business Bureaus in America and Canada, etc.

A consumer is defined as someone who acquires goods or services for direct use or ownership rather than for resale or use in production and manufacturing.

Consumer interests can also be protected by promoting competition in the markets which directly and indirectly serve consumers, consistent with economic efficiency, but this topic is treated in competition law.

Consumer protection can also be asserted via non-government organizations and individuals as consumer activism.

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.

Consumer Protection Act, 1986

The Consumer Protection Act, 1986 was enacted to provide a simpler and quicker access to redress of consumer grievances. The Act seeks to promote and protects the interest of consumers against deficiencies and defects in goods or services. It also seeks to secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers and traders.

The set-up of consumer forum is geared to provide relief to both parties, and discourage long litigation. In a process called 'informal adjudication', forum officials mediate between the two parties and urge compromise.

The Act applies to all goods and services unless specifically exempted by the Central Government. It covers all the sectors whether private, public or cooperative.

This Act has provided machinery whereby consumers can file their complaints which will be heard by the consumer forums with special powers so that action can be taken against erring suppliers and the possible compensation may be awarded to consumer for the hardships he has undergone.

The consumer under this law is not required to deposit huge court fees, which earlier used to deter consumers from approaching the courts. The rigours of court procedures have been replaced with simple procedures as compared to the normal courts, which helps in quicker redressal of grievances. The provisions of the Act are compensatory in nature.

Basic rights of consumers include:

- Right to be protected against marketing of goods and services which are hazardous to life and property.
- Right to be informed about the quality, quantity, standard and price of goods or services so as to protect the consumer against unfair trade practices.
- Right to be assured, wherever possible, access to variety of goods and services at competitive prices.

- Right to be heard and to be assured that consumers interests will receive due consideration at appropriate forums.
- Right to seek redressal against unfair trade practices.
- Right to consumer education.
- Consumer redressal forum
- Under the Consumer Protection Act, every district has at least one consumer redressal forum also called a consumer court. Here, consumers can get their grievances heard. Above the district forums are the state commissions. At the top is the National Consumer Disputes Redressal Commission in New Delhi.
- A written complaint to the company is taken as proof that the company has been informed. The complaint must be backed by copies of bills, prescriptions and other relevant documents, and should set a deadline for the company to respond. Consumers can also complain through a consumer organisation.
- Claims of less than Rs. 5 lakh should be filed with district forum, claims of Rs. 5-Rs. 20 lakh directly with the state commission, and claims of more than Rs. 20 lakh with the National Commission.

To file the complaint:

- Complaint is to be filed within two years of buying the product or using the service.
- Complaint needs to be in writing. Letters should be sent by registered post, hand-delivered, by email or fax. Don't forget to take an acknowledgment.
- The complaint should mention the name and address of the person who is complaining and against whom the complaint is being filed. Copies of relevant documents must be enclosed.

- The consumer must mention details of the problem and the demand on the company for redressal. This could be replacement of the product, removal of the defect, refund of money, or compensation for expenses incurred and for physical/mental torture. Please ensure that the claims are reasonable.
- The complaint can be in any Indian language, but it is better to use English.
- There is no compulsion to hire a lawyer. Main cost consists of correspondence and travelling to the consumer forum for the hearing
- Maintain a complete record of the emails and documents sent by you.

Appeal

Appeal is a legal instrumentality whereby a person not satisfied with the findings of a court has an option to go to a higher court to present his case and seek justice. In the context of consumer forums:

An appeal can be made with the state commission against the order of the district forum within 30 days of the order which is extendable for further 15 days. (Section 15)

An appeal can be made with the National Commission against the order of the state commission within 30 days of the order or within such time as the National Commission allows. (Section 19) An appeal can be made with the Supreme Court against the order of the National Commission within 30 days of the order or within such time as the Supreme Court allows. (Section 23)

Penalties

The consumer courts (district court, state commission and National Commission) are given vast powers to enforce their orders. If a defaulter does not appear in court despite notices and reminders, the court may decide the matter in his absence. The forum can sentence the defaulter to a maximum of three years' imprisonment and impose a fine of Rs. 10,000. Forums can issue warrants to produce defaulters in court. They can use the police and revenue departments to enforce orders.

The rights of consumers needs to be protected since they avail services given by the service providers based on trust and faith and thus it's a necessity to keep a check on the service providers for the sake of service recipient.

Significance of Consumer Protection Act

This statue is regarded as the Magna Carta in the field of consumer protection for checking the unfair trade practices and 'defect in goods' and 'deficiencies in services' as far as India is concerned. It led to the establishment of a widespread network of consumer forums and appellate courts all over India. It has significantly impacted how businesses approach consumer complaints and empowered consumers to a great extent

Objectives of Consumer Protection Act

Objectives of Central Council

The objectives of the Central Council is to promote and protect the rights of the consumers such as:-

1. the right to be protected against the marketing of goods and services which are hazardous to life and property.
2. the right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be so as to protect the consumer against unfair trade practices;
3. the right to be assured, wherever possible, access to a variety of goods and services at competitive prices ;

4. the right to be heard and to be assured that consumer's interest will receive due consideration at appropriate forums;
5. the right to seek redressal against unfair trade practices or restrictive trade practices or unscrupulous exploitation of consumers; and
6. the right to consumer education.

Objectives of State Council

The objective of every State Council shall be to promote and protect within the State the rights of the consumers laid down in clauses 1 to 6 in central council objectves

Email marketing

Email marketing is the act of sending a commercial message, typically to a group of people, using email. In its broadest sense, every email sent to a potential or current customer could be considered email marketing. It usually involves using email to send advertisements, request business, or solicit sales or donations, and is meant to build loyalty, trust, or brand awareness. Marketing emails can be sent to a purchased lead list or a current customer database. The term usually refers to sending email messages with the purpose of enhancing a merchant's relationship with current or previous customers, encouraging customer loyalty and repeat business, acquiring new customers or convincing current customers to purchase something immediately, and sharing third-party ads.

E-marketing is referred to those strategies and techniques which utilized online ways to reach target customers. There are millions of Internet users that daily access different websites using a variety of tools like computers, laptops, tablet and smart or android phone devices, and the number of internet users are increasing very rapidly. So every business seems to be jumping on the internet marketing bandwagon. The internet is most powerful tool that can put any business on solid footing with market leaders companies. There are many free as well as economical way on internet to promote your business. Successful companies must ask themselves some tough questions about how they will promote their business online? What their company expectations are? And what will be their plan to meet those expectations? After answer all these questions a company should design an effective marketing plan.

Definition

E marketing also known as online or internet advertising which uses the internet technology to promote online message to customer. E-marketing examples are email or social media advertising, web banners and mobile advertising.

Advantages and Disadvantages of E-Marketing

Advantage of E-Marketing

1. Internet provides 24 hours and 7 days “24/7” service to its users. So you can build and make customers relationships worldwide, and your customer can shop or order product at any time.

2. The cost of spreading your message on internet is nothing. Many social media sites like Facebook, Linkedin and Google plus allow you freely advertise and promote your business.
3. You can easy and instantly update your registered customers or subscribers through email.
4. Visitors or potential customers of your website can get up to the minute information on each visit.
5. If you are having a sale, your customers can start shopping at the discounted prices literally as soon as they open their email.
6. If a company has an information sensitive business, like a law firm, newspaper or online magazine, that company can also deliver its products directly to customers without having to use a courier.

Disadvantages of E-Marketing

1. If you want a strong online advertising campaign you have to spend money. The cost of web site design, software, hardware, maintenance of your business site, online

distribution costs and invested time, all must be factored into the cost of providing your service or product online.

2. Almost over 60% of households now a day shop online. While that numbers are continuously growing, your company needs to reach maximum people.
3. Some people prefer the live interaction when they buy any product. And if your company has a small business with one location, this may also deter customers from buying who lives on long distances.
4. Your company should have updated information on your site. This requires research and skills and thus timing of updates is also critical.
5. Is your company web site secure? There are many incorrect stereotypes about the security of the internet. As a result, many visitors of your business web site will not want to use their credit card to make a purchase. So there is a fear in the minds of your visitors of having their credit card info stolen.

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

[15BAU201]

KARPAGAM UNIVERSITY

Karpagam Academy of Higher Education
(Established Under Section 3 of UGC Act 1956)
COIMBATORE – 641 021
(For the candidates admitted from 2015 onwards)

BBA DEGREE EXAMINATION, APRIL 2016

Second Semester

BUSINESS ADMINISTRATION

PRINCIPLES OF MARKETING

Time: 3 hours Maximum : 60 marks

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

PART B (5 x 8 = 40 Marks) (2 ½ Hours)
Answer ALL the Questions

21. a. Determine the role and significance of marketing concepts?
(Or)
b. Elaborate the various functions of Marketing Management?

22. a. Define the term Buying motives and explain various types of buying motives?
(Or)
b. Enumerate the term market strategy and market structure?

23. a. Explain the development of New Product with suitable examples.
(Or)
b. Define the term product mix and explain its features and importance?

24. a. Explain the application of Break Even Analysis in relation to pricing?
(Or)
b. Define the term pricing and explain the factors influencing pricing decision?

25. a. Describe the various types and functions of middlemen with suitable example?
(Or)
b. Determine the merits and demerits of advertisement?

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[14BAU201]

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BBA DEGREE EXAMINATION, JULY 2015

Second Semester

BUSINESS ADMINISTRATION

PRINCIPLES OF MARKETING

Time: 3 hours Maximum : 60 marks

PART – A (10 x 2 = 20 Marks)
Answer any TEN Questions

1. Define Market Segmentation.
2. What is meant by Market?
3. Bring out the importance of marketing?
4. Define the term buyer behavior.
5. List out the types of buying motives.
6. What are the Personal Factors influencing the Consumer Behaviour?
7. Write a short note on Modification.
8. What is meant by Product?
9. Define Consumer Goods.
10. List out the objectives of Pricing.
11. Write a short note on Pricing Strategy.
12. What is meant by storage?
13. What are the types of sales promotion?
14. Define Advertisement.
15. List out the various levels of channels of distribution.

PART B (5 X 8= 40 Marks)
Answer ALL the Questions

16. a. Discuss the various Types of buying motives.

Or

b. What are the Factors influencing the Consumer Behaviour? Elaborate.

17. a. How to develop a New Product? Explain with Suitable examples.

Or

b. Explain in detail about the Product Mix with suitable illustration.

18. a. Explain the factors influencing price determination.

Or

b. Discuss the various methods of pricing with suitable examples.

19. a. Explain the methods of Promotion with suitable examples.

Or

b. What is meant by advertisement? Explain the types of Advertisement.

20. **Compulsory : -**

Explain the Factors influencing the Marketing Environment.
