CHAPTER 1

INTRODUCTION TO MARKETING

MEANING OF MARKETING

Customer is the most important person in the whole marketing process. He is the cause and purpose of all marketing activities. According to Prof. Drucker, the first function of marketing is to create a customer. All marketing activities are basically for meeting the needs of customers and also for raising social welfare. Marketing itself is a “need-satisfying process”. It facilitates physical distribution and creates four types of utilities, *viz.,* Form, Place, Time and Possession.

DEFINITION OF MARKETING

1. According to E. F. L. Breach, “Marketing is the process of determining consumer demand for aproduct or service, motivating its sales and distributing it into ultimate consumption at a profit”.

2. According to Philip Kotler, “Marketing is human activity directed at satisfying needs and wants through exchange process”.

3. According to the American Marketing Association (AMA), “Marketing includes all activities having to do with effecting changes in the ownership and possession of goods and services. It is that part of economics which deals with the creation of time, place possession of utilities and that phase of business activity through which human wants are satisfied by the exchange of goods and services for some valuable consideration.”

FEATURES OF MARKETING

1. Regular and Continuous Process/Activity: Marketing is a continuous process/activity in which goods and services are manufactured and distributed to consumers. Assembling, grading, packaging, transportation, warehousing, etc., are the activities which are supplementary to marketing and are useful for smooth and orderly conduct of marketing operations.

2. Facilitates satisfaction of human wants: Marketing activities are basically for satisfying the needs of consumers and also for raising social welfare. Identification of consumer needs should be the starting point of marketing activity

3. Relates to goods and sevices: Marketing mainly relates to goods and services. It is concerned with the exchange of goods and services with the medium of money.

4. Brings transfer of ownership: Marketing activity brings transfer of ownership of goods and services and facilitates physical distribution.

5. Creates utility: Marketing activity creates utilities (time, form, place and possession) through which human wants are satisfied.

6. Wider socio-economic significance: Marketing activity has wider socio-economic significance as it facilitates large-scale production, creates massive employment opportunities and promotes social welfare.

7. Importance of 4Ps: Marketing is the sum total of 4Ps. These are: product, price, place and promotion. Large-scale marketing is possible through appropriate combination of 4Ps called marketing mix.

8. Precedes and follows production: Production and marketing are closely related activities. Goods are produced for marketing. Here, marketing follows production. In addition, marketing indicates what consumer wants and production is adjusted accordingly. In modem marketing, production is as per the needs and expectation of consumers. Such products get consumer support.

9. Wide in scope: The concept of marketing is wide/comprehensive. It is not concerned merely with selling of goods. It is connected with other functional areas of business such as production, fmance and personnel. Marketing will be effective when it is closely linked with other functional departments of the organisation.

IMPORTANCE/BENEFITS OF MARKETING

1. Satisfaction of human wants: Marketing plays an important role in the satisfaction of human wants by maintaining regular supply of goods to consumers. It provides better life and welfare to people by satisfying their wants and also by providing useful goods and services.

2. Profit and market reputation to marketing enterprises: Marketing is important to business as it earns profit by conducting marketing activities. Marketing enables a firm to expand business activities to earn market reputation and goodwill.

3. Widens markets: Marketing widens markets through large-scale movements of goods throughout the county. Even advertising and sales promotion techniques are useful for widening markets. Such markets provide convenience to consumers and profit to manufacturers and traders.

4. Improves the standard of living: Continuous production and marketing improve the skill of the workers. In addition, marketing process provides new varieties of quality goods to customers. Marketing facilitates production as per the needs of consumers. This raises the standard of living of the people. It is the marketing which has converted "Yesterday's luxuries into today's necessaries."

5. Brings economic growth: Marketing brings industrial and economic growth. It also facilitates full utilisation of available natural resources. It creates new demand for goods and thereby, encourages production activities. This also leads to the creation of massive employment opportunities.

6. Facilitates price control: Marketing facilitates price control by the manufacturers. It brings proper balance between demand and supply and provides price stability.

7. Creates utility: Marketing is important as it creates form, time, place and possession utilities. Such utility creation gives satisfaction and pleasure to consumers. In addition, it is useful for large-scale marketing.

8. Facilitates introduction of new items: A firm marketing one or more lines of products can add a new item easily. This is because successful marketing increases the prestige and reputation of the organisation.

SCOPE OF MARKETING

1. Marketing Research (MR): It is one important area within the scope of marketing. MR is an in-depth study of different aspects of marketing. It also covers the study of marketing problems faced by the organization. Detailed and reliable information of different aspects of marketing is available through research work. Such information is useful for planning and decision making in regard to marketing activities. Consumer research, product research, sales research, promotion research are some important branches of MR.

2. Product planning and development: Product is the base of entire marketing activities. It must be as per the needs and expectation of consumers. It must be attractive and agreeable to consumers. A marketing company has to bring suitable modification in its existing products. New products are also required to be added in the existing product line. For this, product planning and development activities are necessary.

3. Pricing: Pricing is one element in the marketing mix marketing depends on the pricing policies of a firm. Price fixation is a delicate and responsible function. Too high prices affect market demand adversely. Similarly, profit margin goes down when prices fixed are too low. Market competitions, market demand, consumer's psychology, availability of substitutes are some factors which need careful consideration while fixing market price.

4. Advertising and publicity: A marketing company has to give publicly to its products through suitable advertising and public relations. It is also necessary due to market competition and aggressive marketing policies of competitors. Advertising is a specialised activity and need the services of experts. It is also costly. Various advertising media are now available. Advertising supports personal selling, and sales promotion measures.

5. Sales promotion: Along with advertising. Sales promotion techniques need to be used for promoting sales in the existing and new markets. Sales promotion measures can be introduced at the dealer level and also at the consumer level offering discounts, free gifts, attractive packages and contests. Attention to sales promotion is necessary due to market competition. It is one important area within the scope of marketing.

6. Packaging: products need attractive and durable package. It must be agreeable to consumers. It also acts as a sales promotion measure. Periodical changes in the package design, colour combination, size, etc., are necessary in order to maintain interest of consumers in the product. Packaging is one area within the scope of marketing.

7. Branding and labeling: Branding means giving suitable name or symbol to the product. Label is attached to a product and gives useful information to purchasers. Like packaging, branding and labeling are also useful for sales promotion. Consumers know the product by brand name. Consumers develop loyalty to brand names.

8. After sales service: Such service is in the fonn of repairs, maintenance and replacement of defective components. It is required in the case of consumer durables and costly machinery. Consumers prefer such services and the seller (manufacturer or dealer) have to offer them due to market competition. Quick and satisfactory after sales services is one important area within the scope of marketing.

9. Miscellaneous areas:

(a) Product positioning.

(b) Marketing Information system.

(c) Recruitment, selection, training and motivation of sales personnel.

(d) Test marketing, etc.

4Ps OF MARKETING

The term *"Marketing Mix"* was introduced by Prof. Neil H. Borden of the Harvard Business School. Marketing Mix is one of the most fundamental concepts in marketing management. For attracting consumers and for sales promotion every manufacturer has to concentrate on four basic elements/ components. These are: **Product, pricing, distributive channels (place) and sales promotion techniques.** A fair combination of these marketing elements is called Marketing Mix. It is the blending of 4Ps which form the core of marketing system.

James Culliton, the American marketing expert, coined the expression **Marketing Mix** and described the marketing manager as *"Mixer of ingredients"* as he has to establish fair balance among the four elements of marketing mix in order to achieve marketing targets. He is also a *'decider', 'artist'* of marketing mix formula.

The four components of marketing mix are also called *"Marketing Mix Variables"* or *"Controllable Variables"* as they emanate from within the enterprise and the marketing manager can use them freely as per his desire or need of the situation.

Frankly, there are dozens of marketing mix tools. **Jerome McCarthy** classified the **marketing mix variables** into 4Ps, *viz.*, product, price place and promotion.

Marketing Mix Elements/Components

Marketing mix is the specific combination of marketing elements used to achieve objectives and satisfy the target market. Marketing mix is used by all firms. Marketing mix elements are shown below:

Product Decision	Price Decisions	Place Decisions	Promotion Decisions
• Brand • Quality • Styling • Functionality • Safety • Packaging • Warranty • Repairs • After sale service	• Pricing strategy • Discounts • Price discrimination • Wholesale and retail price • Terms of credit • Period of payment	• Channels of distribution • Warehousing • Transportation • Storing • Market coverage • Inventory	• Personal selling • Advertising • Publicity • Public relations • Sales promotion • Promotional budget

McCarthy's classifications of 4Ps are altered to accommodate the changing market conditions. Thecompeting companies prepare marketing strategies todefeat their rivals, e.g., penetration pricing strategy is adopted by a firm in order to penetrate the market with the least price or goods are sold on no profit, no loss basis. Marketing mix variables are subject to changes to suit the marketing situations. It is always a flexible strategy.

(1) Product: Product is any article which a manufacturer desires to sell in the open market. A product has capacity to satisfy human want. This creates demand and facilitates marketing. The product mix includes the following variables:

(a) Product line and range,

(b) Style, shape, design, color, quality and other physical features of a product,

(c) Packaging and labeling of a product,

(d) Branding and trademark given to the product,

(e) Product innovation,

(f) Guarantees and warranties of the product,

(g) Special attractive features of the product, and

(h) Product servicing.

Managing product component involves product planning and development. Product is the most powerful competing instrument in the hands of the marketing manager. Hence. durability. quality, uses, etc., of the product are important from the marketing point of view. The marketing manager has to adjust his product line continuously in the light of technological developments. changes in consumer preferences and competitors' marketing strategies. **Neglecting product component in the marketing mix is as good as neglecting heart in the human body.**

(2) Distribution Channel (Place): Physical distribution is the delivery of goods at the right time and at the right place to consumers. Place mix includes the following variables:

(a) Types of intermediaries available for distribution,

(b) Marketing channels available for distribution, and

(c) Transportation, warehousing and inventory control for making the product available to consumers easily and economically.

Place includes the various activities the company undertakes to make the product accessible and available to target audience. The place mix involves — Distribution Channels, Dealer Relations, Channel Remuneration, Area Coverage, Transport, Warehousing and so on.

A major area of place mix is the channels of distribution. The marketer must select, motivate and manage the channel of distribution through which the product reaches the buyers.

For large-scale distribution, the services of wholesalers, retailers are required. A marketing manager has to select a channel which is convenient. economical and suitable for the distribution of specific product. For instance. large numbers of outlets are required for the distribution of products of mass consumption such as soaps and cold drinks. On the other hand, for marketing of a specialty product like refrigerator. selective distribution through authorized dealers is quite convenient.

(3) Promotion: Promotional activities are for encouraging retailers and dealers to keep the stock of company's product and also for encouraging consumers to purchase company's products due to various plus points. Promotion mix includes the following variables:

(a) Advertising and publicity of the product,

(b) Personal selling (salesmanship),

(c) Sales promotion measures introduced at different levels,

(d) Public relation techniques used for cordial relations with dealers and consumers, and

(e) Display of goods for publicity and sales promotion.

Promotional activities are necessary for large-scale marketing and also for facing market competition effectively. Such activities are varied in nature and are useful for establishing reasonably good rapport with consumers.

Advertising gives information and guidance to consumers. Salesmanship is a direct persuasive communication with customers. Along with advertising and personal selling, a manufacturer has to use other sales promotion techniques at the consumer level. Such measures include **displays, discount coupons, small gifts and consumer contests**.

(4) Price: Price is one more critical component of marketing mix. It is valuation of the product mentioned on the product. It is the valuation of the product mentioned on the product. It is the amount at which *the seller is willing to sell and the buyer is willing to buy.* Price mix includes the following variables:

(a) Pricing policies,

(b) Discounts and other concessions offered for capturing market,

(c) Terms of credit sale,

(d) Terms of delivery, and

(e) Pricing strategy.

Pricing has an important bearing on the competitive position of a product. Moreover, consumer support directly depends on the price fIxed. The marketing manager may use pricing as a tool for achieving the targeted market share or sales volume. **Market price also needs periodical review and adjustments.**

(5) Pace: Refers to the speed at which marketing decisions and actions are taken. Marketers consider pace as an important element of marketing mix. The right product at the right price with the right promotion must be made available at the right time and place to the consumers. If the marketing decisions are taken at the right time, then it may bring good returns to the firm.

(6) Packaging: Packaging is an important aspect of the product itself. Since now-a-days, packaging has gained great significance in the marketing of products, therefore marketers consider packaging as an important element of marketing-mix.

Packaging plays an important role as it not only protects the product during transit, and preserves the quality, but it also promotes the product. An attractive package influences consumer views about quality and value of the product.

(7) Positioning: Product positioning is an important aspect of marketing. Product positioning aims at creating and maintaining in the minds of target customers a distinct image of the brand.

If the product is positioned effectively, then the marketer is assured of higher sales of the product.

Positioning can be undertaken by the use of various techniques such as the of firm's or brand's special advantage/benefit, against competition, etc.

4Cs OF MARKETING

More recently marketing mix classifIcation proposed by **Robert Lauterborn** focuses on viewpoints of customers and includes: (1) Customer BenefIt (2) Customer Convenience (3) Customer Cost (4) Communication

(1) Customer Benefit: Customers are not interested in the product but in the benefIts that, they provide. Often customers are classifIed as per benefits they seek. Products remaining the same, provide different benefits to different groups of buyers, e.g., shampoos offer benefits like conditioning effects, cleaning of hair, suitability to hair types and medical properties. Common brands sold in the market include Sunsilk, Head & Shoulders, Pantene, Clinic and Chic which provide different benefits to different users. When a customer buys Dettol soap he is looking for "Total Protection" whereas another customer buying Cinthol is trying to fight body odour. Certain products offer umbrella benefits to all, e.g., bottled water like **Bisleri, Aquafina** etc. A product offers tangible and intangible benefits, e.g., when a customer buys an **air-conditioner** he gets the AC which is physical benefit and the coolness that he gets is the intangible benefit. The customer does not buy a product because of its physical appearance but because of functional, social and psychological benefits provided by the product. In the words of **J. W. Stanton,** "*A product is a complex of tangible and intangible attributes.*"

(2) Customer Convenience: Customer convenience involves minimum effort because a customer has knowledge of product attributes prior to shopping or when he/she is pressed for time. Customer convenience results when products/services are available in the vicinity and customers do not have to travel long distance. In order to minimize purchase time and offer customer convenience, marketers use advertising, in-store displays, long store hours, self-service and well-designed store layouts. In India, home delivery is very popular among buyers and sellers also record higher sales by providing this service. Standardized and branded goods are readily sold through home delivery service. On the part of customers, there is willingness to accept substitutes where customers are not prepared to jump from one store to another. Where customer convenience is offered, information search is low and frequency of purchase is high. Customer convenience becomes top priority where one is trying to come out of emergency, e.g., purchase of umbrella during rainy season or Crocin to get relief from headache. High priced products like computers, air conditioner, refrigerator and modular kitchen when available against installment payment facilities provide customer convenience.

(3) Customer Cost: Cost is the basic consideration in product/service marketing. Good quality product should be economical in cost. When the customer finds the cost beyond his reach, he starts looking for substitutes. Companies follow cost strategy when they can produce and distribute goods and services at the lowest possible cost compared to competitors to win a larger market share. Companies like **Hindustan Unilever Ltd.** and **Godrej** have edge over their competitors because their customer cost is within manageable limits. The basis of providing information to customers is through the use of media which costs money. The challenge before the marketer is to keep the customer cost under check. Customer Cost (Pricing Decisions) and price competition are major problem faced by the marketing people. It is a crucial decision for any company. Customer Cost is a highly risky decision area. Any mistake in pricing will adversely affect the company, its profits and future growth. Pricing decisions are integrated with the firm's overall marketing programme. Pricing decision is not a one-time activity. It is recurring in nature. The decision must be reviewed when a new product is introduced, an existing product is revised, the competitive environment changes, a competitor initiates price change, costs rise or fall, interference from government or other events take place. Hence, customer cost is dynamic and subject to changes.

(4) Customer Communication: Customers must be informed about new products, their price and features before they can develop favorable attitude towards them.Where the product is known in the market, he focus is on persuasion and converting knowledge to liking. Where the product is popular, the focus is on reminding and reinforcing existing consumer belief. Often companies are required to identify and appeal to opinion leaders who influence others decisions such as doctors, teachers, office-bearers and VIPs. Latest noticeable but highly effective is **word-of-mouth communication** by which people express opinions and product-related experiences to one another. A company's promotion plan normally stresses individual goods and services with objective to move people from awareness to purchase. Communication is a strong technique to influence the feelings. beliefs and behaviour of the consumers. Promotion involves communication of information about the manufacturer and his product. It is used to create, capture and maintain demand. It tries to motivate demonstrations and purchase the products offered. Cordial public relations, fast settlement of complaints and acceptance of customer's suggestions add to the goodwill of the firm without involving extra expense. Tools of customer communication include personal selling. advertising. publicity, sales promotion, public relations and internet.

MARKETING AS AN ACTIVITY

Marketing activity is a component of a marketing programme assigned to a manager to achieve sales targets. A larger organisation must cope with the sheer size of operations. More marketing personnel's are required to execute marketing activity effectively and economically. Responsibility is given to marketing executives for smooth conduct of marketing activity. These executives exercise control over every individual component of company's total sales effort. Marketing manager is aided by other executives to regulate profit contribution, market share and return on investment. Marketing activities centre on products, geographical areas, individual customers, market segments, distribution channel and marketing personnel. Large sized enterprises such as **Godrej, Hindustan Unilever Ltd., Cadbury,** etc., employ huge sales force who are assigned sales quota to generate revenues. Market segmentation and delegation of authority bring about expected results.

Marketing activities are carefully created such as sales promotion programmes, clearance sale, ad campaigns. customer relationship management, and relationship management and so on. Each manager can control a well-defined portion of marketing activity. Marketing manager is expected to exercise overall supervision and control so that the performance does not suffer. Regular inputs and feedback are needed by the marketing manager to ensure that its policies are in keeping with the requirement of the market there is need to involve all the employees in the attainment of the overall objectives because marketing department is in where maintenance of the cordial human relations is of paramount importance.

Marketing activity provides an orientation for conducting business a way of thinking and basic approach to business problem starting with customer needs and wants, a firm must develop an organizationally integrated marketing strategy and thereby accomplish its organisation goals. Marketing activity is always a customer-oriented philosophy that is implemented and integrated throughout an organisation to serve customers better than competitors and achieves specific goals.

MARKETING AS A FUNCTION

Basically marketing is for supplying goods and services to consumers as per their need an expectations. It is concerned with the physical distribution of goods. However, there are many supplementary activities responsible for the smooth and orderly conduct of marketing activities called marketing function services. Thus, marketing functions are the activities performed by the components/ subsystems which are necessary for the operation of overall marketing system.

PRODUCT MANAGEMENT

A product can be defined as a bundle of attributes that satisfies a customer demand. As a bundle of attributes that satisfies a customer demand. Anything which can satisfy customers, made according to their needs, expectations and preferences can be called a product. In simple words, product is need satisfying entity. It is a combination of tangible and intangible benefits. Product is a transferable asset.

According to Philip Kotler, "A product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations, and ideas, product is rightly treated as the heart of marketing mix as it is the quality and utility of product which brings success in the marketing efforts of a firm."

Product Development Strategies

Meaning of Product Development

Primarily. new product concept exits only as an idea or drawing but when it passes the business test, it moves into product development. Product development includes the technical activities of product research, engineering and design. It requires the collective participation of production, marketing engineering and research departments. R&D department mainly contributes in developing product concept into physical product. Product development requires huge investment in order to translate product idea into workable and saleable product.

Definition of Product Development

Product development is "developing the product concept into a physical product in order to ensure that the product idea can be turned into a workable product".

– Philip Kotler and Gary Armstrong

1. Product Design Strategy

Product design is a technique to satisfy customers and have advantage over competitors. Often design is the only feature that differentiates a product. Exporters are convinced that there is considerable promotion appeal in designing products. Scientific preparation of design to improve product appearance always impresses the customers. Office machines, office furniture are examples of business products that reflects importance given to design which results into higher sales. Designing product has always been reflect an important marketing tool right from automobiles and TVs to calculators and watches.

A good design improves sales by making it easier to operate improving quality, appearance and reducing production cost. Many export firms have employed expert designers to prepare attractive and eye-catching products. Designers work directly under the export manager. Design is influenced by the need and expectations overseas buyers, e.g., export of cotton garments from India is designed as per the requirements of specific segments of markets.

Colour is often the determining factor in a customer's acceptance or rejection of a customer's acceptance or rejection of a product. The experiences of marketing abroad helps to acquire better understanding regarding use of different colors to suit the need and imagination of buyers. A wrong combination of marketing may spell disaster for business.

Product design strategy will include three major aspects which are:

(a) Product Innovation Strategy: A business exists to satisfy customers while earning profits. Product innovation is advisable because rapid technological advancements make existing products obsolete and the practice of many competitors to copy a successful product. A company with more number of new products eventually does good business. High failure rate compels a company to undertake regular product innovation or adopt improvement in the existing product.

(b) Production Modification Strategy: Product modification is an integral part of product development strategy. Periodical product modification are essential to keep consumers attracted and loyal to the brand. Modification may relate to the size, colour combination, weight, packaging or price of the product. Product modification should be as per the changing needs and expectations of the consumers. Market research will improve the chances of consumer acceptance of the new product.

(c) Product Standardisation Strategy: One of the strategies adopted by large concerns is to make a standardised product throughout the country. This strategy offers economies of large scale production. Further companies get consumer patronage as products are sold on their image. The name of a company associated with good quality does wonders in marketing.

2. Product Pricing Strategy

Product pricing strategy refers to the basic policy adopted in respect of pricing in a given market situation. Skimming pricing pricing strategy, penetration pricing strategy, probe pricing strategy, etc., are common pricing strategies. A company may adopt different strategies for different markets. The basic purpose is to achieve marketing objectives. A wrong pricing decision will reduce sales and profits. A flexible pricing strategy is desirable.

3. Product Distribution Strategy

Product distrbution strategy refers to the process of delivering the product to the customers. Distribution is essential to meet the needs of people. Production will be meaningless if whatever is produced is not distributed throughout the country. Products need to be distributed quickly and economically over a wide area. This will ensure price stability, regular supply to consumers and avoidance of short supply and artificial scarcity. Sales, turnover and profits depend on the efficient distribution of goods.

4. Product Promotion Strategy

Product promotion strategy refers to making the product popular among the consumers and raising its sales through suitable measures. Every company is interested in promotion as its profit is directly related to the volume of sales. Promotional strategy is so designed as to inform, persuade and encourage people to buy specific product of the company. Product promotion is done through advertising, personal selling, public relations, publicity, etc.

5. Product Positioning Strategy

With variety of goods that has flooded the market, only designing the product and packaging it attractively will not serve the purpose. The challenge before every manufacturers is to differentiate his products. The manufacturer must be sure about two things:

(a) How his brand of product should be seen by his consumers; and

(b) How consumers see it in comparison to that of competitor’s product.

Product positioning creates a certain image in the mind of the consumers, e.g., 2 minutes of Maggie Noodles creates an image of convenience. While differentiating and positioning his product, the manufacturer must know needs, preferences. buying motives, purchasing power and consumption habits of the consumers.

Effective product positioning must provide answer to the following three inquiries:

(i) How can I differentiate my product from that of competitors?

(ii) Which differences to pinpoint?

(iii) What basis of communicating differences should be adopted?

Positioning is an act of developing the company’s offering and image to occupy a distinct place in the minds of target customers. Positioning is consumer-oriented. It must occupy a unique place in the customer’s mind and ensure maximum profit to the firm. Positioning communicates unique meaning of the brand regarding durability, performance, benefits, etc. Positioning becomes the reason for which the consumer will buy the product. In the words of **Jack Trout and Al Ries** “Brand positioning is related not to what the marketing manager does with the product, it is what the marketing manager does to the mind of the prospects.”

The following examples of brand positioning are worth considering:

(i) **Dove soap:** Positioned as a premium brand with high moisturizer content.

(ii) **Vicks Vaporub:** Positioned as a rub exclusively to tackle cold and cough.

(iii) **Complan:** Positioned as a health builder and superior to milk.

(iv) **Amul milk powder:** Positioned as a convenient and ready substitute to milk.

(v) **Maruti car:** Positioned on fuel efficiency.

(vi) **Ponds cold cream:** Positioned as cosmetics for urban women of middle and upper income group.

(vii) **Limca cold drink:** Positioned as thirst quenching drink.

(viii) **Titan watches:** Positioned towards design and fashion-conscious customer.

(ix) **Lux soap:** Positioned as beauty soap of film stars.

(x) **Cadbury's 5 Star Chocolate:** Positioned as energizer for the young achievers.

Product Positioning Strategies

Selection of a positioning strategy is difflcult and complex issue. In order to make positioning strategy successful, it is necessary to comply with the following steps:

1. To identify the competitors.
2. To evaluate competitors.
3. To determine competitor's position.
4. To analyse the customers.
5. To select the positioning.
6. To follow up the positioning.

Having completed the primary investigation, now the advertiser can proceed with one or more of the positioning strategies as explained below:

(a) Product User Strategy: Under this strategy, there is an attempt to associate a product_with a user or a class of users, e.g., Airtel cell phone with Shahrukh Khan.

(b) Product Use Strategy: Under this Strategy, positioning is communicated by linking the product with its use e.g., Gillette series gel moisturising for smoother, more comfortable shave.

(c) Product Class Strategy: Product class is the set of products and brands which are seen as substitutes to satisfy some specific consumer needs e.g., Arrow shirts for office wear.

(d) Price and Quality Strategy: The consumer looks at the products in a certain category. The product is selected at different levels of price, offering different quality and decides which price-cum-quality level is most suitable for a given need. This positioning strategy is commonly seen in construction industry, e.g., Reliance cell phone. The bottom line is "Give quality at the right price and whatever you make will sell on its own".

(e) Specific Product Feature Strategy: This positioning strategy is most widely used. It associates a product with its specific features, e.g., Colgate is positioned as "anti-tooth decay" and "fresh breath" toothpaste. This strong positioning is supported by specific product features such as minty taste and foaminess and supported by regular advertising.

(f) Competitor Strategy: Marketing has been linked to warfare. Positioning by competitor is an offensive strategy. Under this strategy the product is positioned to beat the competitor, e.g., Lakme winter care lotion is positioned against cold creams because it is a cold cream plus moisturiser in one.

(g) Cultural Symbols Strategy: Cultural symbols can be an important vehicle to differentiate a product from its competitive brands, e.g., Ayurvedic medicines which are Indian in origin are differentiated from European medicines.

(h) Product Benefit Strategy: A well-made product would usually offer more than one benefit. Consumers tend to come around the same benefit, e.g., milk-based health beverages Boost is positioned as vitaminised energy fuel.

6. Product Mix Strategy

Product mix means the number of products carried by a firm at a given point of time. Product mix contains product line and product items. It is a composite of products offered for sale by a firm. A Company with several product lines have a product mix precisely, product mix consists of all the product lines and items that a particular manufacture, offers to sell. In other words, product mix consists of one or more product lines, e.g., a product mix may consis of cosmetics, ready to eat food, stationery, beverages, detergent etc.

Product mix consists of one or more product lines, e.g., Hindustan Unilever markets soaps of different colour, shape, size, fragrance and price such as Pears, Liril, Dove, Lifebuoy, etc.

Product mix has four important dimensions which are as noted below:

1. **Width:** It refers to the number of different product lines the company carries.
2. **Length:** It refers to the total number of items the company carries.
3. **Depth:** It refers to the number of versions offered of each product in the line.
4. **Consistency:** It refers to how closely related the various product lines are in end use, production requirements, distribution channels or in some other way. Product line is a group of products (offered by a single firm) that have similar uses. Bata, for example, offers different varieties of shoes, chappals and accessory items under different product lines. A firm may start as a single product line but with the passing of time may add other products in its product line. A company manufacturing shoes for marketing may add shoe brush and shoe polish to its first product in the product line. The product line becomes shoes-shoe polish-shoe brush and so on. Under product mix management, various decisions relating to product mix can be taken. Product mix decisions are usually the most important and fundamental of all marketing strategy decisions.

Product mix decisions are as explained below:

1. **Expansion of product mix:** A firm may decide to expand its present product mix either by increasing the number of product lines or depth within file line. The new product line may be related or unrelated to the existing products, e.g., a large provision store may add furniture, cosmetics and drugs (width) while also increasing varieties of soaps and detergents, stationery and dry fruits (depth), etc.

Expansion of product mix is desirable where consumers are used to shift from one brand to another because they have wide variety of brands to select from. This strategy is also adopted by the manufacturer if competitors have already expanded into this area.

2. Contraction of product mix: This is an unpleasant decision because much money has already been spent on production and marketing. Contraction does not take place instantly. Products are allowed to remain in the market until they show continuous loss. When a manufacturer decides on contraction, different alternatives are open to him, e.g., the product may be joined with others in the product line so that fewer sizes, styles and benefits are offered to the consumers. If this strategy also fails, the company may decide to discontinue this brand of product.

3. Alteration of existing products: At times, improving an existing product is found more profitable and less risky then to develop and introduce a new product. Alterations can take place in the size, colour, designs, flavor, quality and advertising appeal. Sometimes, only packaging is changed without change in the quality of the product.

4. New uses of the existing product: The company can work out new uses of the product with the objective to increase its consumption and finally its demand, e.g., Nirma may be used not only for washing clothes but also for cleaning glasses, utensils and floor. Toothpaste manufacturers now advertise that consumers should brush their teeth three times a day, *viz.,* after-breakfast, lunch and dinner. This helps to increase consumption and eventually, demand for the product.

5. Trading up and trading down: Tradingup means adding a higher priced prestige product to the existing low priced product. At the initial stage, the company depends on the older low priced product for the major portion of sales. Eventually, the company will shift its promotion campaign to the new product so that larger share of value is generated by the new product.

Trading down means adding a lower-priced item to its line of prestige products. This strategy expects that the people who cannot buy the original product may buy these new ones because they have some of the features of prestige products but they are priced less, e.g., Godrej refrigerators are introduced in different sizes to compete at all price levels.

6. Product differentiation: Product differentiation is used to enable a company to remove itself from price competition, so that it can compete on the non price factor. The company emphasises that its product is different and better than that of the competitor. Differentiation is done in brand, packaging, design, quality or appearance. The strategy is successfully used to market standardized products such as soaps, calculators, cigarettes, watches, etc.

7. Product Branding Strategy

Branding is a commonly used trade practice by manufacturers of consumer and industrial goods. Branding means giving an attractive name or symbol to the product by which it will be identified in the market and remembered by traders and consumers. A brand means a name, term, symbol, mark, design or picture put on the product itself. It is an identification mark or stamp. It gives independent status and identity to a product. It differentiates the “face” in a crowd. The concept of branding is very old and is similar to a family practice in which a newly born baby is given some name by which the baby will be identified. In this sense, branding is similar to our popular social/family function called “ naming ceremony”. Once a brand is used, it becomes an internal part of the product itself. It remains with the product for a long period, in some cases till the existence of a product. Branding is so popular and common that today hardly anything goes unbranded. It is treated as most effective and competitive tool of product management.

Brand is actually an emblem or stamp put on a product. LUX, Lifebuoy and Pears are the brand names used by Hindustan Unilever for the bathing soaps manufactured by the company. Brand names are now used in the case of thousands of consumer goods. Thus, branding facilitates product differentiation. In fact, the primary objective of branding is to introduce product differentiation in the market, i.e., to single out a product from its rivals.

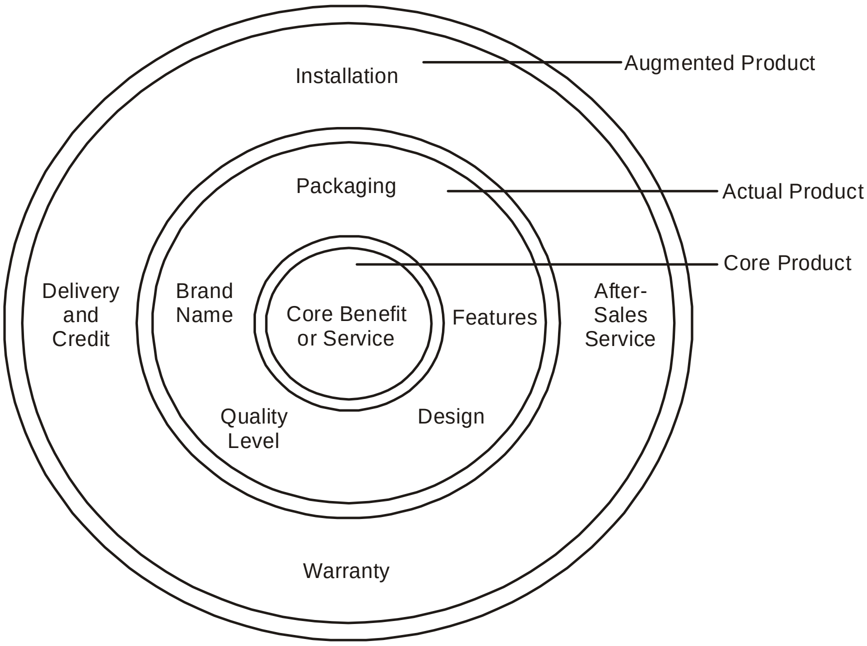
Branding is essential in this age of mass production and distribution of identical products. In the absence of branding products cannot be distinguished, their producers cannot be remembered and quality cannot be guaranteed. Branding is a mass selling technique, through effective advertising and publicity. It is necessary due to various reasons such as availability of identical products in the markets ever-increasing market competition, growing importance of packaging, advertising and publicity and need to develop brand image in the minds of consumers. Branding strategy indicates how the marketing firm uses branding for sales promotion.

The details of core, actual and augmented products are as given below:

1. Core Product: A core product means the basic benefit or purpose for which it is produced. It stands at the centre of the total producer. It gives problem solving benefits to the consumer who buys the product. It is the first component of its total personality. Physical characteristics of a product remain the same only its utility differs from one customer to another. The marketing organisation should study the culture, economic condition and standard of living prevailing among the consumers. In rural area, bicycle is considered means of transportation whereas in urban areas it is used for exercising. While designing products, marketers must first define the core of benefits the product will provide to consumers/ purchases.

2. Actual Product: Actual product is what the target market recognizes as the tangible offer. Actual product is build around the core product. It has certain well perceived characteristics such as a quality level. brand name, features, style and packaging. It provides familiarity e.g.. when a person drives Mercedes Benz. he is aware of its logo. style of lettering. shape and appearance of the car. Tangible benefits of a product include features, design, color, size, weight. quality and durability of a product.

3. Augmented Product: Augment means to increase. It refers to certain additional benefits or services offered by the manufacturer. The product planner must build an augmented product around the core and actual products by offering additional consumer services and benefits that, include brand image, packaging, repair/service facilities, etc., such benefits can be installation of capital goods, after sales service, prompt delivery, credit facility, etc., product augmentation is very important in a competitive market where' the seller is at the mercy of the buyer. A product is more than a simple set of tangible features. Consumers tend to see products as bundles of benefits that satisfy the needs. The augmented product is the outcome of improvements introduced by the manufacturer marketer, to enhance the value/utility of the product. Here, the firm goes beyond the expectations of the consumer. It adds extra features and functions to the product and makes it more attractive and appealing to consumers. Companies like Titan or God1rej continuoushy augment their products.



PRICE MANAGEMENT

Definition of Price Management

Price Management "is the desired outcome that management seeks to achieve with its pricing structure and strategies." **– M. J. Etzel**

Factors Influencing Pricing/ Price Mangement

A large number of factors influence pricing of a product. These factors can be classified into two categories, viz, internal factors and external factors.

Internal Factors

1. Objective of the company: Pricing policy is usually based on the objects fixed by the company. Such objects may be varied and also related to short period or long period. All possible objectives of price fixation require careful consideration before actual price fixation. The calculation of market price becomes easy.

2. Characteristics of the product: Various characteristics of a product require special consideration in price fIxation. The product may be new or well-established, perishable or durable, consumer or industrial, necessity or luxury and so on.

3. Product differentiation: As a rule, the more differentiated a product is from its competitive brands, the company has greater scope in setting prices. When a company's product is basically the same as that of competitors, the company can differentiate its own image by building a solid reputation among customers by charging different prices.

4. Marketing mix: Price is one of the major elements of the marketing mix and therefore must be coordinated with other three elements,. *viz,* product. place and promotion. At times, a company may use price reduction as a marketing technique while others may raise prices as a deliberate strategy to build a high prestige product line. In either case, the effort will fail if the price change is not commensurate with the total marketing strategy that it supports.

5. Cost of production and the margin of expected profit: Pricing is directly related to the cost of production and the expected margin of profit. Every manufacturer calculates the cost of production and also the cost of marketing while fixing the price. In the competitive marketing, some manufacturers are in a position to sell at low prices due to low cost of production.

6. Goodwill of the firm: Many times consumers buy their products considering the goodwill of the firm. Hence firms enjoying better goodwill can charge prices little higher which the consumers will accept, e.g., consumers would be willing to pay little higher for Amul range of products.

7. Product life cycle: When a product passes through product life cycle, pricing would also change, e.g., at the introduction stage where the objective is survival, the firm can charge lower price. By contrast, when the product is moving at growth period where the objective is expansion, the firm can charge marginally higher price.

8. Promotion of product: Advertising, personal selling and sales promotion are used to increase the volume of sales. The objective is to increase sales turnover by giving incentives to the buyers. Firms would charge lower price during the period of sales promotion.

9. Product line: A product line is a group of products that are closey related. They function in a similar manner. They are sold to the same customer groups, e.g., Hindustan Unilever produces several lines' of bath soaps. The price of a new brand of soap by HUL would be in keeping with its earlier pricing policy.

l0. Credit policy: Credit is an integral part of modern marketing. Where credit facility is offered, the price would be higher and price for cash terms are lower.

External Factors

1. Competition: The knowledge what price the competitors are charging for similar product and what possibilities lie ahead for raising or lowering prices also affect pricing. Where competition is acute, prices are lower and *vice versa*. Monopoly products or new products are priced higher.

2. Types of buyers: The type of consumers and users of a particular product do affect pricing. This is particularly true if their number is large.

3. Characteristics of customers: Pricing policy requires consideration of customers to whom the goods are to be sold out. The customers may include rich class, higher middle class, labour class or the rural poor.

4. Market situation: The market situation includes period of prosperity or depression, nature of competition, pricing policies adopted by rival producers, the position of demand and supply, introduction of substitutes in the market and so on. Every manufacturer has to give attention to these external factors and adjust the pricing policy.

5. Channel of distribution: Right selection of channel of distribution is necessary for marketing a product. Such channel may be shorter or longer depending on the number of middlemen involved in the process of distribution. in a longer channel, the number of middlemen is more and naturally the manufacturer has to fix lower price. A manufacturer prefers a shorter channel as he can have more profit even by charging comparatively lower price to the consumers.

6. Government control: At times, government exercises effective control on retail prices. Such control is through different monetary and fiscal measures. The purpose of such government control is to give protection to consumers, e.g., prices of medicines.

7. Demand position: The economic rule of marketing is higher the demand, higher the price and *vice versa*. This may not always happen e.g., nowadays when consumers buy their goods from shopping malls, a part of benefit is passed on to them.

8. Economic functions: Market is characterized by economic situations of boom and recession. During boom prices are charged high because consumers have more purchasing power but during recession prices are cut down because of low purchasing power.

Pricing Strategies

Following are the pricing strategies used in competitive markets:

1. Skimming the Cream Pricing Policy: Under this pricing policy, a manufacturer charges very high price in the initial period when the product is new, attractive and required by many consumers. In due course, the price will be brought down as per the market situation. Such reduction is necessary because of the reduction in demand or due to the entry of other competitors in the market. The essence of skimming the cream policy is to charge high price in the initial period and to reduce it gradually as per the market situation.

This pricing policy enables the manufacturer to have more profit out of the initial demand. In addition, he can recover a part of his investment from the high profit made in the initial period. The margin of profit reduces in the course of time. In actual practice, we observe that certain articles like fashion goods and ready-made garments are available at high prices in the initial period in the market. The prices are brought down gradually.

Suitability: Skimming the cream pricing is suitable:

(a) When the product is completely new and the initial demand is likely to be substantial.

(b) When the initial cost of production is high and naturally a high market price is necessary.

(c) When the producers desires to cover the possible future loss which may result from the market competition.

(d) If the producer has incurred huge expenditure on research and development activities to introduce the product, he will like to recover his investment by charging higher price initially.

2. Market Penetration Pricing (Market Capturing Pricing): Market penetration pricing policy is exactly opposite to skimming the cream pricing policy. Under this policy, a low price is charged initially in order to create demand and capture the market. An attempt is being made to create popularity to the product among consumers through initial low price.

Benefits/Advantages of market penetration pricing policy:

1. An attraction is created in the minds of the consumers and they are encouraged to purchase the product.
2. A greater volume of sale is possible by charging low price.
3. The competitors are discouraged from entering the field because of low margin of profit.
4. This policy .is useful for capturing the market.

Suitability: Market penetration pricing is suitable:

(a) When consumers are willing to accept the new product as their regular requirement.

(b) When the price elasticity of demand for the product is high over a short period.

(c) When there is a strong likelihood of rapid competitive imitation.

(d) When the producer desires to adopt long-term marketing policy in which he wants to create substantial demand in the initial period.

3. One Price Strategy: Companies must decide what price to charge in different markets in which they operate. Some companies decide to charge one uniform price all over the world.

4. Dissimilar Pricing Strategy: Often it becomes necessary to charge different prices because of consumer perceptions and preferences. Change in price also takes place when the company has different objectives in different countries, e.g., Panasonic introduces a new product in the western European countries where it is likely to face stiff competition and it may decide to charge penetration pricing strategy. On the other hand, when it markets similar product in third-world countries which is less price-sensitive, it may settle for skimming pricing strategy.

5. Cost Dominant Strategy: In setting pricing strategies costs play an important role. Some items which are cheaper in India is often priced much higher in other countries, e.g., Peanuts are considered cheap in India whereas it is as costly as other dry fruits in Middle East countries. This difference in price is because of additional costs relating to shipping and insurance, import tariffs and taxes, physical distribution, product modification and exchange rate fluctuations.

6. Probe Pricing Strategy: This pricing strategy is adopted by the exporter when he does not have adequate information about competitor's pricing or purchasing power of the buyers, Initially, the exporter determines high price and units for the reaction of the buyers towards the price. Later price is adjusted based on the reaction of the buyers.

7. Transfer Pricing Strategy: A company may market different products under different brand names. Transfer pricing refers to the pricing of various goods and services of subsidiaries within the same company. The price charged by one subsidiary to another or to the parent company is an accepted practice as the sales are executed within the same company. Overall profit is given more importance than the profits of individual units because the real profit is made by the parent company.

8. Standardised Pricing Strategy: The widespread use of internet has brought about standardised global pricing. When the firms sell their products and services over the internet, customers can find out prices prevailing in other countries. Certainly, they will buy from such a market where the price is the lowest.

9. Follow the Ledger Pricing Strategy: Under this strategy, firms may fix the price very close to the price charged by the leading competitors in the market, e.g., in soap manufacturing in India, Hindustan Unilever is the leading manufacturer.

Distinction between Skimmming the Cream and Market Penetration Pricing Policies:

Skimming the Cream Policy	Market Penetration Pricing Policy
1. Meaning: In skimming the cream policy, the manufcaturer charges high price in the intial period and brings it down in due course.	1. In market penetration pricing policy, the manufacturer charges low price initially and raises the same in due course when the product becomes popular.
2. Profit margin: A manufacturer gets more profit initially and it goes on reducing in the course of time.	2. A manufacturer gets limited or low profit initially and it goes on increasing in the course of time.
3. When convenient: This policy is convenient in the case of fashion goods where the demand is likely to reduce gradually.	3. This policy is convenient in the case of consumer durable items which are likely to become popular after their introduction.
4. Type of policy: It is an example of short-term pricing policy.	4. It is an example of long-term pricing policy.
5. Effect on competitors: Potential competitors are encouraged to enter the market due to high profit margin.	5. Potential competitors are discouraged from entering the market due to low profit margin.
6. Suitability: This policy is followed by small manufacturers producing fashion products having short life.	6. This policy is usually followed by reputed big manufacturers in the case of products with long life.
7. Effect on goodwill: It fails to create goodwill in the market. Consumers are exploited by charging high price.	7. Market penetration pricing creates goodwill and popularity in the market as consumers get product at a low price.

DISTRIBUTION MANAGEMENT

Definitions of Channels of Distribution

According to Richard M. Clewett, "A channel is the pipeline through which a product flows on its way to the consumer. The manufacturer puts his product into the pipeline or marketing channel and various marketing people move it along to the consumer at the other end of the channel."

Functions and Services of Marketing Channels

1. **Facilitates movement of goods:** Marketing channels heip to move goods from one place to the other. They naturally add place utility. They also bring transfer of ownership of goods.
2. **Ready supply to consumers:** Marketing channels bring goods to consumers when they need them. Goods are made available throughout the year due to marketing channels and consumers can purchase them as per their requirements.
3. **Promote large-scale distribution of goods:** Marketing channels bring widespread distribution of goods and thereby bring expansion of trade. The channels are useful even for taking the goods to remote areas.
4. **Facilitates economical distribution:** Marketing channels bring distribution of goods in a quick and economical manner. The distributive channels are useful for reducing the selling costs. A manufacturer need not create his own marketing system by investing his funds due to the availability of marketing network.
5. **Create utilities:** Marketing channels create time, place and possession utilities.
6. **Risk taking:** The intermediaries in the marketing of goods. They place large orders and shoulder the risk and responsibility of selling to consumers.
7. **Facilitates introduction of new products:** Marketing channels are useful for the introduction of new products or new varieties of existing products in the market by the manufacturers. They can introduce the new product by placing it in the existing channel in use.

Importance of Marketing Channels

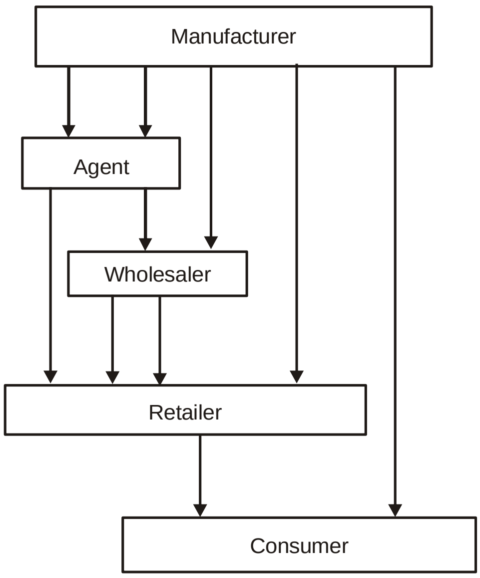
1. Marketing channels facilitate large-scale distribution of goods.
2. Marketing channels bring division of labour and specialisation in the business field.
3. Marketing channels are useful for price determination of goods.
4. Marketing channels enable a marketing firm to achieve its marketing targets/objectives.
5. Channels perform financial function by providing finance for movement of goods from producers to consumers.
6. Marketing channels enlarge the scope of marketing and facilitates sales promotion. Channels perform the role of salesmanship.
7. Marketing channels are useful for meeting the diversified needs of consumers economically, quickly and continuously.
8. Marketing channels help manufacturers to distribute their goods quickly throughout the country. In addition, they provide market information to manufacturers.
9. Mass production needs the support of mass distribution which is possible through marketing channels.

Types of Distribution Channels for Consumer Goods

1. Manufacturer ⟶ Wholesaler ⟶ Retailer ⟶ Consumer Channel.
2. Manufacturer ⟶ Sole Selling Agent ⟶ Wholesaler ⟶ Retailer ⟶ Consumer Channel.
3. Manufacturer ⟶ His own depots ⟶ Retailer ⟶ Consumer Channel.
4. Manufacturer ⟶ Retailer ⟶ Consumer Channel.
5. Manufacturer ⟶ His chain shops ⟶ Consumer Channel.
6. Manufacturer ⟶ Consumer Channel.

The figure given below shows distribution channels used in the case of consumer goods:

Marketing Channels for Consumer Goods



1. Manufacturer ⟶ Wholesaler ⟶ Retailer ⟶ Consumer Channel.

This is one popular and extensively used marketing channel. It is rightly called 'traditional channel' for the distribution of goods. Here, the manufacturer utilizes the services of two middlemen (wholesalers and retailers) for the distribution of goods.

Advantages

(1) **Convenient:** This channel is convenient from the viewpoint of the manufacturer as it brings about division of labour.

(2) **Concentration on production:** It enables the manufacturer to concentrate fully on production and not to bother about distribution.

(3) **Free from tension:** A manufacturer is also relieved from the anxiety regarding selling of goods.

(4) **Wide scope:** This marketing channel widens the scope of marketing.

(5) **Low Cost:** It reduces the need of extensive advertising and publicity.

Limitations

(1) **Costly:** Due to the existence of middlemen and their commission, goods become costlier to consumers.

(2) **Malpractices:** The middlemen resort to various malpractices such as adulteration, artificial scarcity and price rise. This affects sales and the profit of the manufacturer.

(3) **Loss of control:** The manufacturer also loses his control over the marketing of his products soon after the delivery of goods to wholesalers.

(4) **Dependence:** The manufacturer has to depend fully on the middlemen for marketing his products.

(5) **Conflict with wholesalers:** The general marketing trend is not favourable to this lengthy channel as manufacturers prefer to eliminate the middlemen particularly the wholesaler from the distributive process.

Suitability:

(1) This lengthy channel is suitable for large-scale distribution of consumer goods like soaps. detergents and cosmetics. Hindustan Lever Ltd. and Godrej make use of this channel.

(2) Consumer goods which are durable and not subject to physical deterioration can be distributed through this channel.

(3) Consumer items which need strong promotional support are distributed through this channel as the middlemen are useful for promoting sales.

2. Manufacturer ⟶ Sole Selling Agent ⟶ Wholesaler ⟶ Retailer ⟶ Consumer Channel.

In this lengthy marketing channel, the manufacturer appoints some dealers as sole distributors for his goods in a particular region or territory. The sole distributor accepts the entire responsibility of marketing of products within his area. He is paid commission for his services.

3. Manufacturer ⟶ His own depots ⟶ Retailer ⟶ Consumer Channel.

In this marketing_channel, the manufacturer supplies goods directly to retailer through his own marketing organisation. For regularsupp1y to retailers. the manufacturer opens his own depots at important commercial centers. Goods are directly supplied to retailers from these depots.

Advantages

(1) **Better control:** The wholesaler is eliminated. This gives the benefit of effective control on the marketing to the manufacturer.

(2) **Limited Scope for malpractices:** This channel is a shorter one and there is no scope for malpractices (of wholesalers) in this channel.

(3) **Preference:** The manufacturer preference this channel as he gets effective control on the whole marketing process.

(4) **Higher profit:** The profit of the manufacturer is likely to increase as commission is not required to be paid to the wholesalers.

(5) **Close contact:** A manufacturer maintains close contact with the market situation. This enables him to adjust his production and marketing plans and policies as per the need of the situation.

Limitations

(1) **Higher responsibility:** In this channel, the manufacturer has to shoulder the responsibility of production as well as marketing of goods.

(2) **Financial pressure:** The manufacturer has to maintain depots at different places and engage staff for collecting orders from retailers. This puts heavy financial pressure on him.

(3) **Higher burden:** The manufacturer has to give attention to marketing functions such as pricing, packaging, transportation, advertising and risk-bearing. Naturally, this channel puts heavy burden on the manufacturer.

(4) **Unsuitable to small firms:** Small manufacturers with limited financial support find it difficult to use this channel of distribution. They naturally prefer to use the services of wholesalers.

Suitability

This marketing channel is convenient and is used mainly by large-scale manufacturers with huge financial backing. Tatas and Hindustan Lever have their own distributive system. Tea selling companies for example, use this marketing channel for large-scale distribution.

4. Manufacturer ⟶ Retailer ⟶ Consumer Channel.

This marketing channel is shorter with only one middlemen, i.e., retailer. Here, the goods move directly from the manufacturer to retailers and finally to consumers. The manufacturer keeps close contact with retailers and supplies them goods regularly for onward distribution to consumers.

Advantages

(1) **Elimination of wholesalers:** It is a short channel as the wholesalers are eliminated. The commission to them is also eliminated. This gives benefit to manufacturers and consumers.

(2) **Economical:** The cost of distribution is brought down considerably in this channel.

(3) **Less malpractice:** The malpractices of wholesalers are also eliminated.

(4) **Quick distribution:** In this channel, the distribution is done quickly and hence it can be used even for the distribution of perishable goods within a small area.

(5) **Less price:** Consumers get goods at lower prices as they do not have to share the commission of the wholesaler.

Limitations

(1) **Higher burden:** The manufacturer has to look after the production and marketing of his goods. This puts heavy financial and administrative burden on him.

(2) **Higher Capital:** The manufacturer has to maintain huge marketing organisation and naturally he needs more capital.

(3) **Additional functions:** The wholesaler is eliminated and his functions are shared by the manufacturer himself.

(4) **Risk of marketing:** In this channel, the manufacturer has to shoulder the marketing risks relating to distribution of goods.

Suitability

(1) This channel is suitable for the distribution of consumer items like clothing, shoes and food items.

(2) It is suitable for the distribution of durable products such as machinery, automobiles and computers.

5. Manufacturer ⟶ His chain shops ⟶ Consumer Channel.

In this shorter marketing channel, both the wholesalers and retailers are eliminated. Here, the manufacturer opens his own retail shops/branches in different parts of the country and sells his goods directly to consumers. The services of middlemen are not used for marketing purpose. The manufacturer looks after manufacturing and retailing.

The manufacturers of textiles, ready-made garments, ice creams and bakery products have opened their retail shops in big cities for effective distribution. Bata Shoe Company, for example, sells directly to consumers through its branches.

Similarly, Bombay Dyeing, Raymond’s and other companies have their retail shops for selling their products.

6. Manufacturer ⟶ Consumer Channel.

This is the shortest marketing channel as there are no middlemen. It is an example of simple, direct and economical channel. It is called zero level channels. This direct channel is not convenient for a wide market. In big cities of our country, goods like cold drinks and chocolates are sold through automatic machines. Machines are installed at convenient places and the buyer has to insert coins in the machines and collect the required commodity, Neither salesmen nor dealers are required to push the sales. Industrial goods may be sold directly to industrial buyers.

Direct distribution is a normal practice in the case of services: The services such as electricity, telephone. railway, bus transport etc. are provided directly to consumers. Moreover, such services are not storable but easily transportable.

Advantages of Direct Distribution

(1) **Complete control:** The manufacturer gets complete control over the process of distribution.

(2) **Complete information:** The manufacturer gets first hand information about market trends.

(3) **Higher Profit:** The middlemen are eliminated from the distributive process. This gives more profit to the manufacturer without charging high price to consumers.

Disadvantages of Direct Distribution

(1) **Higher cost of operation:** There will be increase in the cost of operation. A manufacturer will have to maintain a large sales force for conducting door-to-door campaign.

(2) **Higher Budget:** The manufacturer will also have to spend on advertisement and publicity. He will have to spend large amount of money on his sales organisation.

(3) **Costly:** This channel is costly and not suitable for wider market.

Suitability

(1) When the market is local in character.

(2) When the goods to be distributed are perishable in nature.

(3) When the manufacturer has final support to establish his own distributive system.

(4) When the goods to be distributed are costly and after-sales service is necessary.

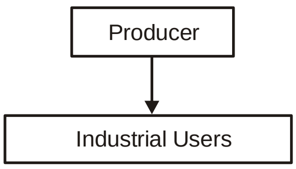
(5) When the goods are to be distributed in a selected market.

(6) When the manufacturer desires to have effective control on the entire marketing mechanism.

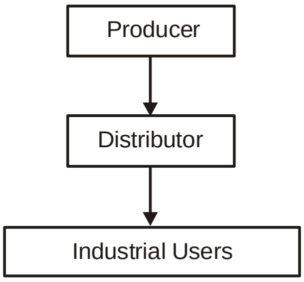
Marketing Channels for Industrial Goods

Industrial goods are required for the conduct of manufacturing activities. They are not used for direct consumption and include raw materials, machinery machine parts, machine tools, spare parts and so on. The following channels are available to distribute industrial goods:

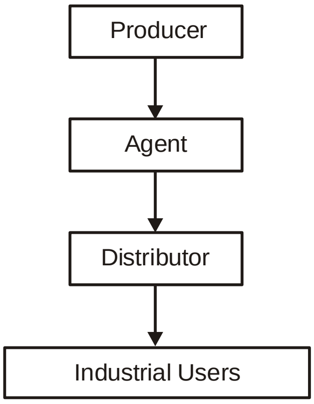
(1) Producer ⟶ Industrial Users: Industrial goods are largely distributed directly to the actual users who are concentrated in industrial region. Industrial goods are costly and the buyers want after sales service, discount and delivery. Producers favour this channel because they get an opportunity to finalise price and execute big orders. In India, this channel is the most popular one to distribute industrial goods.



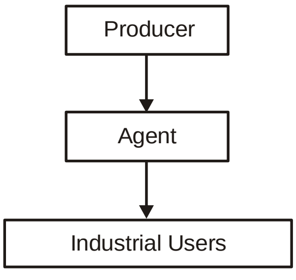
(2) Producer ⟶ Distributor ⟶ Industrial Users: Producers are not prepared to execute small orders. They appoint distributors to deal with frequent supply of spare parts and operating supplies. These include nuts, bolts, hand tools, ball bearings, accessories, hair conditioning equipments, motors, etc.



(3) Producer ⟶ Agent ⟶ Distributor ⟶ Industrial Users: This channel is used by the producer when goods are supplied in widely scattered markets. He appoints agents, on commission basis, region-wise, to sell the goods to industrial users through distributors. Producer will find it uneconomical and inconvenient deal with numerous distributors. He ensures economical and timely distribution through distributors who are controlled by the agents.



(4) Producer ⟶ Agent ⟶ Industrial Users: Often producer is able to sell the goods satisfactorily by using the services ot well-established agents. Producer shifts marketing responsibilities to the agent who has good marketing network in a region. This works out to be economical and quick to distribute the goods. Such agents also help to introduce new products in the market. Mostly agents are paid commission on total turnover.



PROMOTION MANAGEMENT

Definition

"Promotional management is the combination of promotion tools used by a company to communicate with its audiences."

Tools of Promotion Management

(1) Advertising: It is communicating with the audience through non-personal approach. The audience can identify the source of the messages and the company that paid for the media.

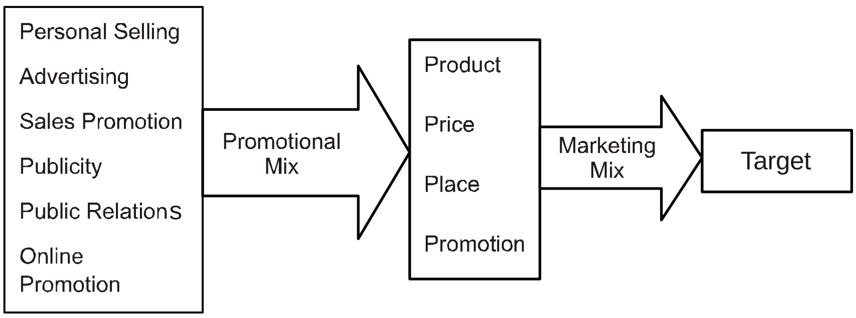
(2) Personal selling: It is a personal presentation of the information and the product to prospective buyers by a sales person of the company. It is a costly medium.

(3) Sales promotion: It communicates with the audience through a variety of non-personal media to supplement advertising. It uses vehicles like free samples, gifts. coupons. and contests. The audience can clearly identify the source of messages because the company pays for its delivery.

(4) Publicity: It communicates with the audience through personal or non-personal media which is not paid for. The audience is likely to consider the media rather than the company as the source of message. It is less promotional.

(5) Public relations: It is planned communication by a company to influence the attitude, opinion of a specific groups such as customers, government agency, stockholders or special interest group. Public relations are used through sponsorship of charity programmes. annual reports and newsletters.

(6) Online promotion: Nowadays consumers spend lot of time on internet. Many companies are shifting to online advertising in order to build brands and to attract visitors to their websites. Online advertising appears while consumers are surfing the web including display ads, search-related ads, online classifieds and so on. Other forms of online promotions include content sponsorships, alliances and affiliate programmes and viral advertising.



Factors Influencing Promotion Management

(1) Type of customers: Promotion mix decision are based on the type of customers, their buying motives, purchasing powers and their sensitivity towards price and quality, e.g., industrial goods are sold more effectively by personal selling. Extensive advertising is not necessary but sales promotion and the customer level is desirable. If the buyers are price conscious, sales promotion techniques at consumer level will be useful.

(2) Nature of the market: Promotional management is directly influenced by the nature of market. Three variable affect the choice of a promotional method, viz., (a) Size of the market (b) Type of customers and (c) Presence of potential buyers.

(3) Nature of the product: Promotional management is influenced by several product attributes such as (a) unit value of the product (b) uniformity of the product and (c) presale and post sale service.

(4) Market position of the firm: Promotion mix decisions depend on the market position of the firm. The firm may be market leaders. Such firm will depend more on advertising and publicity and less on sales promotion techniques. A small firm will prefer to spend less on advertising, and more on sales promotion measures which give quick response from consumers and dealers.

(5) Product life cycle: Promotional management differs dependigg on the stage of the product life cycle, e.g., at the introductory stage both advertising and personal selling need to be used to motivate consumers and middlemen.

(6) Availability of capital: The successful use of promotional management largely depends on the avaffiibility of capital. Adequate capital helps to make wide use of advertising and personal. selling. Advertising is economical because at lower cost per person it communicates to millions of people.

(7) Availability of sales force: If a company has large sales force, it will depend more on personal selling and less on advertising. Similarly, a company with limited sales force will make extensive use of advertising and publicity. It will give less importance to personal selling. Hence availability of sales force also determines promotion mix.

(8) System of distribution: The choice of channel of distribution also determines promotion mix. Where the marketer adopts short channel of distribution, he would heavily depend on dealers. In this case, dealer promotion becomes important. On the other hand, when the marketer adopts long channel of distribution; he would rely on advertising and consumer promotion.

Promotion Strategies

Promotional activities used to reinforce personal selling and advertising are normally treated as sales promotion activities. They may be directed towards consumers, dealers or salesmen.

Products/Sales promotion measures can be broadly classified into the following three categories:

(A) Product/Sales Promotion at the Consumer Level,

(B) Product/Sales Promotion at the Dealer/Trader Level, and

(C) Product/Sales Promotion at the Sales Force Level

(A) Product/Sales Promotion at the Consumer Level

Consumer promotion means encouraging consumers to purchase specific products on a massive scale. In the sales promotion at the consumer level, consumers are attracted through gifts, concessions and discounts. Consumers are encouraged to purchase goods of certain companies due to such benefits. Sales promotion measures at the consumer level are:

(a) **Over the counter premium:** Here, the manufacturing company provides gift articles (plastic jar, spoon, tooth brush, soap box, diary, ball pen, etc.) to consumers through the dealers. In order to inform the prospects about the gift, an advertisement is given in the newspapers and also in TV advertisement. Through suitable advertisement, the consumers are requested to demand the gift article from the dealer along with their purchases. For example, one jar or mug is given free with each 500g pack of Glucon-D. Here, the gift is separately provided and the dealer may not give it to the buyer and may even sell it separately.

(b) **Banded premium:** In order to eliminate the shortcomings of the first method, banded premium is introduced by some manufacturers. In this method, the article offered as premium is banded with the regular product package. Sometimes, two products of the same manufacturing company are banded together — one of which serves as a premium or gift. For example, Liril soap cake is offered free with Surf powder. Similarly, a 500ml. bottle of Pepsi Cola is given free with jumbo pack of Maggi noodles. Companies manufacturing toothpaste offer one tooth brush free to consumers purchasing a bigger pack. Banded premium is a popular method used for promoting sale.

(c) **In-pack premium:** In order to ensure that the premium or gift goes directly to the ultimate consumer, the in-pack premium method is introduced. In this method, premium, i.e., gift article is kept inside the package of the product and the message regarding the same is printed on the package. This premium method is popular in India. For example, Boumvita sometimes contains plastic jar inside the container. Similarly, measuring glass or steel spoon is kept inside the medicine package. The purpose of in-pack premium is to supply the gift directly to consumers and also to create attraction for the product and thereby, promote sale.

(d) **Container premium:** In container premium, the product itself is kept in a container which is a sort of gift to consumers. The containers are not only attractive but also durable and reusable. For example, manufacturers dealing in washing powders have started offering their powders in attractive plastic buckets or plastic jars. Similarly, NESCAFE SELECT packs are supplied to consumers in attractive tumbler packs at no extra cost. Cosmetics are supplied in attractive containers which can be used for different purposes. Even medicines are supplied in attractive bottles. The attractive containers attract a large number of housewives which leads to bumper sales. Container premium is offered even in the case of sweets, chocolates, dry fruits, jams, ornaments and biscuits.

(e) **Price deals:** In the price deal, a special cash discount is allowed on many consumer products like soap, tea packets, glass-ware, stainless steel utensils and cosmetics. Such discount may be of five rupees or even more. It is usually offered when new article is brought in the market for the first time. Even books are offered to readers at concessional price. Information about the discount is given to consumers through press or TV advertisements.

(f) **Quantity deals:** In this tool of sales promotion, more quantity of the product is offered to consumers without extra cost or at a nominal cost. Sometimes two packs of the same product are tied together and the price of a pack is kept comparatively low. On certain occasions, a small pack is offered free of cost along with the purchase of a bigger one. Sometimes even bigger packs are sold to consumers at low price. For example, one kilo pack of ODOPIC (cleaning powder) is supplied for ` 13 while two kilo pack is supplied for ` 24 and a pack of 5 kilo for Rs. 48. Offering more quantity at a concessional rate is quite common in the case of articles like toothpaste, soap, cosmetics, medicines, grocery items and so on.

(g) **Conditional consumer premium:** In this method, the consumer is not given premium unless he performs certain activity like collecting coupons, bottle tops or wrappers. Under the coupon premium plan, the consumers are required to stock coupons which are issued against the purchase of a product. Then, the premium is given to the consumers in exchange of a specified number of coupons, e.g., Apna Bazar Bonu Stamps. Self-liquidating premium is another conditional premium. In this method, premium is given to the consumer against some proof of purchase plus nominal amount of cash or postage stamps. Proof of purchase may be in the form of a label, box top or wrapper.

Another variation of conditional premium is use-the-user-technique. In this method,the manufacturer requests the trusted and satisfied customwers to talk about the product to their friends and relatives and convert them into buyers. For this service, the customers are given some premium. In India some publishers of magazines (Reader's Digest) send diaries, calendars and other gift to make the subscribers who bring new customers by supplying their addresses.

(h) **Consumer contest:** Consumer contest is yet another popular consumer promotione technique. it is very popular in certain items like toothpastes, food products, soaps and toiletries, cigarettes and household appliances. Consumer contests may take several forms such as photographic, beauty contest, sentence completion, reason why, slogan writing, brand naming. colouring, word building, picture title and story writing. Such contests are very useful in sales promotion as participants have to make certain purchases in order to participate in the contests.

(B) Sales Promotion at the Dealer/Trader Level

Dealer level promotion means encouraging dealers to take more interest in promoting the sales of a specific product of a specific manufaacturer. Sales promotion or measures at the dealer level are:

(a) **Sales conferences:** The manufacturer periodically arranges sales conferences of dealers of a specific area. All dealers are invited and are provided accommodation and other comforts at company's cost. In the conference, the dealers are given information about company's products, new products likely be introduced, new sales promotion schemes for the dealers and so on. The difficulties and problems of dealers are discussed in order to solve them to the satisfaction of dealers. Personal contacts are established and gifts, etc., are given to dealers. All this encourages dealers to take special interest in promoting sales of specific product of the company. The dealers may agree to keep stock in large quantities, provided the company agrees to take back unsold stock periodically.

(b) **Supply of sales literature:** The manufacturer may supply sales literature in adequate quantities to all dealers. Such literature provides detailed inforrmation to consumers and facilitates quick turnover. The dealers are also given product samples, display materials, carton packages, show cards, etc., free of charges. Even demonstrations are arranged in retail shops for promoting sales.

(c) **Attractive terms for sales promotion:** The manufacturing company offers attractive commission and liberal terms and conditions for dealership. This encourages dealers to stock more quantity and make special efforts for sales promotion. The dealers buy in bulk and do their best to promote sales.

(d) **Provision of suitable packages and quantity discount:** A dealer needs specific type of packages as per the demand of his local customers. The manufacturer should provide suitable package regularly. This facilitates sales promotion. In addition, the dealers should be offered quantity discount (i.e., extra quantity as an incentive, for example, a soap manufacturer may supply 13 soap cakes for one dozen soap cakes ordered) by the manufacturer. This encourages dealers to order for more quantity.

(e) **Offering gifts to dealers:** Some companies offer attractive gifts to dealers selling their products with special interest. The gift may be like portable TV set, clock, fan, steel cupboard, table, etc. It is given when big order is placed. Even direct cash can be offered to dealers to promote sales.

(f) **Miscellaneous measures at dealer level:**

(i) Dealer stock display contests.

(ii) Advertising allowance to dealers.

(iii) Organising sales contests.

(iv) Providing publicity to dealers.

(C) Sales Promotion at the Sales Force Level

In addition to consumers and dealers, certain incentives need to be offered to salesmen for promoting sales. They come in direct contact with customers and are instrumental for guiding and convincing them to purchase. Following measures are adopted:

(a) **Conventions and conferences of salesmen** are arranged in order to educate and guide salesmen. Efforts are made to encourage them to take more initiative in promoting sales of company's products.

(b) Some companies arrange **sales contests** in order to stimulate salesmen to promote sales. Such contents boost the morale of sales force. Due to prizes in the contests, salesmen take interest in pushing the sales of a specific product for which the contest is organised.

(c) **Cash prizes** are offered by some companies to salesmen showing good performance in the sales promotion of their products.

(d) Companies give **special increments to salesmen** showing promising sales performance. Incentive bonus linked with the volume of sales are also offered to salesmen.

CASE STUDIES (MARKETING)

Case Study 1 (solved)

Maruti Udyog Ltd. was initially set up as a joint venture between Suzuki Motor Corporation of Japan & government of India. It brought out its first car on Indian roads in 1983. Today MUL is the leader in the Indian passenger car industry. Offering fuel efficient and trouble free cars, they also set up distribution and service network all over India. Starting with 800cc model for small car segment, MUL introduced different models to suit models to suit different segments. Omni offers space benefit, Gypsy is the ideal terrain vehicle, Zen as a technological advanced compact car, Esteem as a luxury and Baleno as a super luxury car.

But the scenario completely changed since 1991, with delicensing and liberalization, a number of global car giants are entering India. They include GM, Ford, Daewoo/ Hyundai, Honda etc.

As a counter strategy MUL reduced the prices of certain models, provided auto finance, reduced the delivery time, improved service network and also developed export market. But MUL still face challenges from competitors of compact car manufactures like Hyundai's santro, Daewoo's Matiz & Telco's Indica. The new entrants adopt aggressive pricing strategy. Then came the MUL employees strike. Thus problems seems to be increasing.

QUESTIONS:

1. Analyse the product mix and product positioning strategies of MUL

Product mix:

The product mix refers to the set of products, which are offered for sale by a firm. A product mix may consist of several product lines. A product line is a group of related products that share common characteristics, channels, customers or uses. For instance a product line of soaps and detergents can include washing powders or detergents, bathing soaps, washing cake soaps, hand wash gels and cakes, etc. Maruti Udyog limited introduced fuel efficient and low maintenance cares. The first car introduced models to suit different segments, such as:

- Omni that provided more space.
- Gypsy was introduced for ideal terrain.
- Zen & alto as compact and technological advanced car.

- Esteem as the luxury car.
- Baleno as a super luxury car.
- WagonR as multi-utility vehicle.

Product Positioning Strategy:

Product positioning refers to marketing efforts aimed at creating and maintaining in the mind of target customers a distinct image of target customers the intended image for the brand relative to other brands. Brand positioning can by done by following various techniques such as:

- Positioning by product benefits
- Positioning by price and quality.
- Positioning by competitor, etc.

MUL positioned different cars differently in order to create a distinct image for each car in the minds of target audience. The positioning for different cars is as follows:

- Maruti 800 cc as the fuel efficient and low maintenance car in the economy car section – positioning by product benefits.
- Zen and Alto as technological advance care, also low maintenance – positioning by product quality.
- Omni and WagonR as multi–utility vehicles – positioning by product benefits.
- Esteem and Baleno were positioned as luxury cars – positioning by product class.
- Gypsy as the ideal terrain vehicle. Positioning by product benefits.

2. Suggest few strategies of MUL to rebuild their competitive advantage

(a) Product strategies: MUL should introduce new models to cater to different segments of the market, including sports car. It may discontinue its old models such as Maruti 800. The new models must be technologically advanced cars with special focus on fuel efficiency due to high price of petrol. MUL should also introduce diesel based models.

(b) Product pricing: MUL should price its cars t competitive prices. This is because, Indian customers are price sensitive. At price, MUL price prices are quite competitive as compared to other car makers.

(c) Promotion: MUL should effectively advertise its cars as most fuel efficient and low maintenance. It should highlight its service network, which is the best in the country. MUL should tie-up with car-care agencies not only to maintain the cars in case of breakdowns but also to promote the brands through effective word of mouth. The company should try to be innovative in car financing – at low interest rates, and finance even up to 100%

(d) Positioning strategy: MUL should position the cars as technologically superior fuel efficient cars. Also, it should introduce deluxe models in the luxury car section and position them as the 'ultimate driving luxury'.

CASE STUDY 2 (UNSOLVED)

Apollo Tyres Ltd. (ATL) is a ` 2300 crore high performance company that is known for making India's most reliable tyres. The company has a network of over 5000 dealership of which over 3000 are exclusive outlets under the brand name Apollo Tyres World and another called Apollo Radial World. ATL has a market share of approximately 35%. The company has technical collaboration with General Tyre International Company, USA. It produces some of India's most advanced tyres for trucks, tractors, light commercial vehicles and cars. With a view to position itself in the premium tyre segment, Apollo decided to price its brand reasonably higher than its competitors. The rationale behind this was product benefit. Premium branding led to the development of a niche comprising of those who looked for the best tyre and necessarily the best bargain. ATL is ranked 18th in the world tyre industry in terms of market size. It is the first company to get ISO-9001 certification. The first tyre company to have the concept of exclusive showrooms for truck tyres called Apollo Tyre World.

QUESTIONS:

1. Describe the positioning strategy of ATL.
2. Give your suggestions to grow further, in the light of globalization and world players entering Indian markets.

TITAN INDUSTRIES LIMITED

TITAN INDUSTRIES LIMITED, formerly TITAN WATCHES, is a joint venture of TATA group and the Tamilnadu Industrial Development Corporation. It was promoted in the year 1987, by the year 1990, TITAN emerged as the leader in the Indian quartz watch market, selling six million watches with 60 per cent market share. The watches are currently sold in 40 countries through marketing subsidiaries in London, Dubai and Singapore.

Titan's expertise in marketing and brand building has elevated Titan to the forefront of Indian brands. Titan has been ranked as India's leading consumer durables marketing company. Winning awards for excellence has become a way of life with TITAN.

TITAN adopted an aggressive product strategy. They offered a wide and attractive range of quality watches. They offered Dual Time, World Time, Alarm and Long Battery-life watches. Titan offerd a product that combined quality and fashion. Opting for quartz was another important technological decision. Titan went in for the modern technology and the best international collaboration. TITAN flew down technicians from Europe to train its Indian staff. To ensure quality TITAN resort to vertical integration. They started manufacturing watch cases and other components. TITAN positioned their watches as an ornament. It is not a product showing time, watches are expressions of taste and style. It is the most popular gift item to parents, children and life partners. High profile distribution was dominated by the showroom concept. Titan opted for franchising and was very selective. Now, there are more than 6000 retail shops. They are backed by an excellent service network. They underpriced repair and service charges and battery. In promotion too. TITAN chose an aggressive approach. They spend over ` 20 crores per year for advertising. While TITAN has conquered all domestic players, global competition poses a new challenge. Import liberalization and import duty reduction will force TITAN to modify its marketing strategy.

QUESTIONS:

1. Explain the main component of TITAN'S marketing strategy to face competition.
2. Suggest an action plan for Titan Industries to face global competition.

Introduction to Marketing

Fill in the Blanks

1. 21st Century marketing revolves around__________.
2. _________ Maximisation is the traditional approach in marketing.
3. Marketing leads to transfer of __________.
4. 4Ps are called as __________.
5. As per ________ concept marketing is exchange of product between seller and the buyer.
6. The essence of marketing is understand _________ of consumers.
7. Warehousing creates ________ utility.
8. Marketing brings __________ growth.
9 Giving name to the product is called _________.
10. Physical distribution of goods is the function of _________.

Match the Following

Group A	Group B
a. Traditional Marketing	(i) Customer-oriented
b. Modern Marketing	(ii) Marketing Guru
c. Dr. Philip Kotler	(iii) Marketing mix
d. 4Ps	(iv) Public interest
e. Social Concept	(v) Profit maximisation

Multiple Choices

1. Profit Maximisation is
   (a) Traditional concept
   (b) Modern concept
   (c) Social concept
   (d) Political concept
2. Modern concept of marketing revolves around
   (a) Customers
   (b) Society
   (c) Ground of organisation
   (d) None of the above
3. Marketing involves
   (a) Packaging
   (b) Transportation
   (c) Branding
   (d) All of the above
4. Success of marketing depends on
   (a) Proper combination of marketing mix
   (b) Advertising
   (c) Product
   (d) Promotion
5. Marketing involves
   (a) Production of goods
   (b) Distribution of goods
   (c) Distribution of services
   (d) Production and distribution of goods and services
6. Marketing helps to create
   (a) Time utility
   (b) Place utility
   (c) Form utility
   (d) Time, place, from and possession utility
7. Branding means
   (a) Giving name to the product
   (b) Packing
   (c) Packaging
   (d) Selling

State whether the Following Statements are True or False

1. Traditional concept of marketing revolves around profit maximization.
2. Marketing has becomes a challenging activity due to globalization.
3. Marketing is asocial process.
4. Marketing is undertaken to sell goods only.
5. Marketing involves branding only.
6. Product, price, place and promotion are called as 4Ps of marketing.
7. Interest of consumers need not be considered in marketing.
8. Understanding need of consumers is the essence of marketing.
9. Marketing creates job opportunities.
10. Marketing brings industrial growth.
11. It is not necessary to quote a right price for the product.
12. Test marketing means introducing the product in a small segment of market.

4P's of Marketing

Fill in the Blanks

1. Marketing mix concept is _______ in nature.
2. Marketing mix is applicable to ______ and non ______ organisation.
3. A product is a core of _______ ________.
4. Price is the ________ of a product.
5. Market competition affect _________.
6. Right mix ensures________.
7. A ________ customer is a brand ambassador of the organisation.
8. Various social groups create social _______.
9. Economic policies constitute ________.

Match the Following

Group A	*Group B*
a. Marketing Mix	i. Exchange value
b. Price	ii. Channels of distribution
c. Place	iii. Sales promotion
d. Advertising	iv. Ensures survival
e. Proper mix	v. 4P's

Multiple Choices

1. 4Ps is called
   (a) Marketing Mix
   (b) Production
   (c) Sales mix
   (d) All of the above
2. Marketing is a
   (a) Static concept
   (b) Dynamic concept
   (c) Product concept
   (d) Service concept
3. A product is a core of
   (a) Sales Mix
   (b) Marketing Mix
   (c) Product Mix
   (d) None of the above
4. Promotion mix includes
   (a) Advertising
   (b) Sales promotion
   (c) Personal selling
   (d) All of the above

5. A right product ensures
   (a) Survival
   (b) Success
   (c) Success and survival
   (d) None of the above
6. Natural environment includes
   (a) Land
   (b) Minerals
   (c) Oil and Water
   (d) All of the above
7. Economic environment is influenced by
   (a) Export import policies
   (b) Industrial policies
   (c) Licensing policies
   (d) All of the above
8. Demographic environment includes
   (a) Age
   (b) Income
   (c) Occupation
   (d) All of the above
9. Promotional offers include
   (a) Gifts
   (b) Discounts
   (c) Concession in price
   (d) All of the above

State whether the Following Statements are True or False.

1. Marketing mix is a combination of 4Ps.
2. Marketing is a static concept.
3. The concept of marketing mix is applicable to business only.
4. Anything offered for sale in the open market is product.
5. Price is the exchange value of a product.
6. Advertising is not included in promotion.
7. Consumers do not affect marketing mix.
8. Government policies have an impact on marketing mix.
9. A satisfied customer is the best brand ambassador of the organisation.

Match the Following

Group A	*Group B*
(a) T.V	(i) Convenience goods
(b) Toothpaste	(ii) Durable
(c) Stereo Sound Equipment	(iii) Specialty goods
(e) Vegetables	(v) Agricultural Products

Fill in the Blanks

1. __________ Goods can be touched.
2. __________ Goods cannot be touched.
3. __________ Goods are bought without any planning.
4. Fruits are ________ goods.
5. Tailoring the product to the requirements of customers is called as ________
6. A ______ is the wrapper to protect the product.
7. _________ is a part of a product that carries information about the product and the seller.
8. ________ is an act of designing the company's product.
9. There are _________ stages in the life cycle of a product.
10. At ______ stage, demand and sales reach the saturation point.

Multiple Choices

1. A product is
   (a) A set of tangible attributes
   (b) A set of intangible attributes
   (c) A set of ideas
   (d) All of the above
2. A tangible product can be
   (a) Touched
   (b) Felt
   (c) Perishable
   (d) All of the above
3. Product can be classified as
   (a) Consumables
   (b) Durables
   (c) A and B
   (d) None of the above
4. Features of the product include
   (a) Price
   (b) Convenient
   (c) Fashion
   (d) All of the above
5. Business goods include
   (a) Raw materials
   (b) Accessory equipments
   (c) Operating supplies
   (d) All if the above
6. Basic product has
   (a) Style
   (b) Brand name
   (c) Design
   (d) All of the above
7. Product mix includes
   (a) Product width
   (b) Product length
   (c) Product depth
   (d) A, B and C

8. Registration of the brand gives
   (a) Legal protection
   (b) Physical existence
   (c) Brand image
   (d) None of the above
9. Positioning strategies include
   (a) By price
   (b) By quality
   (c) By target
   (d) All of the above
10. Product is launched in the market at
    (a) Inception stage
    (b) Growth stage
    (c) Maturity stage
    (d) Decline stage
11. Sales start declining at
    (a) Maturity stage
    (b) Decline stage
    (c) Growth stage
    (d) Inception stage

Stage Whether the Following Statements are True or False

1. A product is a set of tangible and intangible attributes.
2. Car is a tangible product.
3. Soft drink is a consumable product.
4. Consumer goods are used for ultimate consumption
5. Convenience goods involve maximum buying efforts.
6. Photographic equipment is specialty goods.
7. Raw material is specialty goods.
8. Agriculture products are durable.
9. A product mix contains various product lines.

Price Management

Match the Following

Group A	Group B
(a) Growth stage	(i) Higher price
(b) Skimming pricing	(ii) Low prices
(c) Penetration pricing	(iii) One price
(d) Single price strategy	(iv) Cost plus pricing
(e) Mark up pricing	(v) Target return pricing
	(vi) Higher prices

Group A	Group B
(a) Maximize profits	(i) Part of profit used for society
(b) Social concept	(ii) Higher prices
(c) Growth stage	(iii) Added markup
(d) Cost plus pricing	(iv) Price of competitions
(e) Going rate pricing	(v) Value pricing
	(vi) Pricing objective

Multiple Choices

1. Price is the
   (a) Exchange value
   (b) Perceived value
   (c) Going rate
   (d) None of the above
2. In skimming pricing
   (a) Price is higher
   (b) Price is lower
   (c) Price is moderate
   (d) None of the above
3. Proper pricing increases
   (a) Sales
   (b) Profits
   (c) Return on investments
   (d) All of the above
4. Charging higher price at the inception stage is
   (a) Market skimming pricing
   (b) Penetration pricing
   (c) Price is moderate
   (d) None of the above
5. Under one price strategy the seller charges
   (a) Same price to all customers
   (b) Same price to all products
   (c) Same price in a particulars
   (d) None of the above
6. Follow the leader pricing involves
   (a) Charging highest price
   (b) Charging lowest price
   (c) Changing As per the leader's policy
   (d) None of the above
7. Going rate pricing involves
   (a) Charging at the going rate
   (b) Charging at the lowest level
   (c) Charging on the basis of price of the competitors
   (d) All of the above

Stage Whether the Following Statements are True of False

1. Price is the exchange value of a product.
2. A product has value.
3. Price is not an important element of marketing mix.

4. Changing a low price is the strategy to enter the market.
5. Today market is flooded with too many products.
6. Pricing creates a distinct image for the product.
7. Social concept of marketing aims at maximisation of profit.
8. Price is not influenced by the objective of the company.
9. A famous brand is priced at a higher level.
10. Competition has no effect on pricing.

Fill in the Blanks

1. Price is the tool to face _______.
2. Special discount is allowed to increase _____.
3. Increase in sales increases _________.
4. Price is influenced by _______.
5. Higher price is charged by _______.
6. Growth stage is a stage in _____ ______ cycle.
7. In _______ pricing low price is charged.
8. Variable pricing is followed in _____ strategy.
9. Cost plus pricing is known as _______.

Place Management

Match the Following

Group A	Group B
(a) Place mix	(i) Help large scale product
(b) Marketing channels	(ii) Function of distribution
(c) Storage of goods	(iii) No intermediaries
(d) Zero level channel	(iv) includes industrial distribution
(e) 1 level channel	(v) Involves physical distribution
	(vi) Retailers

Multiple Choices:

1. Place mix involves

   (a) Marketing channels
   (b) Physical distribution
   (c) Price fixation
   (d) a & b

2. Marketing channels include
   (a) Producer (c) Consumer
   (b) Retailer (d) All of the above
3. Marketing channels create
   (a) Place utility (c) Possession utility
   (b) Time utility (d) All of the above
4. In days of globalization, production the function of
   (a) In anticipation of demand (d) None of the above
   (b) On receiving (c) On small scale
5. Channel members perform the function of
   (a) Standardisation (c) Storage
   (b) Grading (d) All of the above
6. Sales can be effected if the product has
   (a) Greater visibility (c) Good quality
   (b) Good packaging (d) All of the above
7. 2 level channel of consumer goods include
   (a) Wholesaler (c) Consumers
   (b) Retailer (d) All of the above

State Whether the Following Statements are True or False

1. Place mix involves marketing channels.
2. Today markets have extended beyond national boundaries.
3. Marketing channel does not include producer.
4. Marketing channel create time utility.
5. Risk bearing is not a marketing function.
6. It is not necessary to persuade consumers to buy products.
7. Production is undertaken in anticipation of demand.
8. Intermediaries push the product in the market.
9. In Zero level, channel intermediaries are involved.

Promotion Management

Match the Following

Group A	Group B
(a) Free goods	(i) Public relation
(b) Counselling	(ii) Annual Report
(c) Publications	(iii) Shortest for direct marketing
(d) Direct marketing	(iv) Channel for direct marketing
(e) Direct mail	(v) Commercial channel
	(vi) Retailers

Group A	Group B
(a) Designing the message	(i) Difficult decision
(b) Setting communication buyer	(ii) Directed to ultimate consumers
(c) Pull strategy	(iii) Multilevel marketing
(d) Network marketing	(iv) Manufacturers and consumers in direct touch
(e) Personal promotion	(v) Promotion strategy
	(vi) Paid by sponsor

Multiple Choices

1. Channel for direct marketing involves
   (a) Direct mail
   (b) Fax mail
   (c) Electronic mail
   (d) All of the above
2. In Telemarketing manufacturer
   (a) Reaches consumers directly
   (b) Reaches consumers indirectly
   (c) Reaches consumers personality
   (d) None of the above
3. Internet is a
   (a) Global web of computer networks
   (b) Local web of computer network
   (c) Regional web of computer network
   (d) All of the above
4. Print media consist of
   (a) Newspapers
   (b) Magazines
   (c) TV
   (d) a & b
5. A promotion strategy aimed at consumers is
   (a) Pull strategy
   (b) Push strategy
   (c) Push & Pull strategy
   (d) None of the above

6. A promotion strategy aimed at consumer is
   (a) Pull strategy
   (b) Push strategy
   (c) Both a & b
   (d) None of the above
7. Promotion is an element of
   (a) Marketing mix
   (b) Product mix
   (c) Both a & b
   (d) None of the above
8. Promotion creates
   (a) Brand image
   (b) Positive image
   (c) Negative image
   (d) None of the above
9. Promotion mix tools include
   (a) Advertising
   (b) Personal selling
   (c) Sales promotion
   (d) All of the above

Fill in the Blanks

1. Promotion is a _______ form of communication.
2. Every promotion has a common _______.
3. Better quality of product improves _________.
4. Competition affects ________.
5. Direct marketing is a __________ tool.
6. Advertising is _____________.
7. Cash refund offer provides a _____________.
8. Specialty advertising involves ________ cost items.
9. _____________ is a channel for direct marketing.

State Whether the Following Statements are True or False.

1. Promotion is an element of marketing mix.
2. Promotion provides information about the product.
3. Promotion is not an art.
4. Promotion makes people aware of the brand.
5. Type of product decides promotion mix.
6. Advertising is not a tool of promotion.
7. Print media refers to newspaper advertising.
8. In larger sized market, personal selling in suitable.
9. Point of purchase is display of goods at the shop.

Theory Exercise Question

Q.1 Define Marketing? State 4Ps of Marketing?

Q.2 What Product Management? Enumerate products development strategies

Q.3 Discuss various, pricing strategies.

Q.4 State the factors governing distribution decisions.

Q.5 What is the Place Management? Enlist type of Distribution Channels

Q.6 Explain Promotion Management with various Promotional Strategies?