

BALAJI INSTITUTE OF I.T AND MANAGEMENT KADAPA

**MARKETING MANAGEMENT
(17E00202)**

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Units covered: **1st, 2nd & half of 3rd Units**

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Syllabus

(17E00202) MARKETING MANAGEMENT

1. Understanding Marketing Management: Concepts of Marketing, Marketing Strategies & Plans, Creating long term loyalty relationships, Marketing mix, PLC, Analyzing Competitors, Conducting Marketing research.

2. Connecting with Customers & Building Strong Brands: Analyzing Consumer Markets, Analyzing Business Markets, Tapping into global markets, Identifying market segments and targets, Crafting Brand Positioning, Creating Brand Equity- Addressing Competition and driving growth.

3. Creating & Communicating Value:- Setting product strategy, Designing & managing services, Introducing new market offerings. Developing pricing strategies & programmes. Designing & Managing Integrated Marketing Communications, Advertising & Sales Promotions, Events and experiences, Managing digital communication - online, social media & mobile, Personal selling.

4. Delivering Value :- Managing retailing, wholesaling and logistics. Designing and Managing Integrated Marketing Channels

5. Sales Management:- Nature & Importance of Sales Management, Skills of sales manager, Sales objectives, Concepts of sales organization, Types of sales organization.

Textbooks:

- Marketing Management, Phillip Kotler, Kevin Lane Keller, 15th edition ,Pearson.

References:

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- Marketing in India, Text and Cases, S.Neelamegham, Vikas .
- Marketing Management, Rajan Saxena, TMH.
- Marketing – The Core, Kerin, Hartley and Rudelius, McGraw Hill, Irwin.
- Case Studies in Marketing, The Indian Context, Srinivasan, PHI.
- Marketing Management, V.S. Ramaswamy and S. Namakumari, McMillan.
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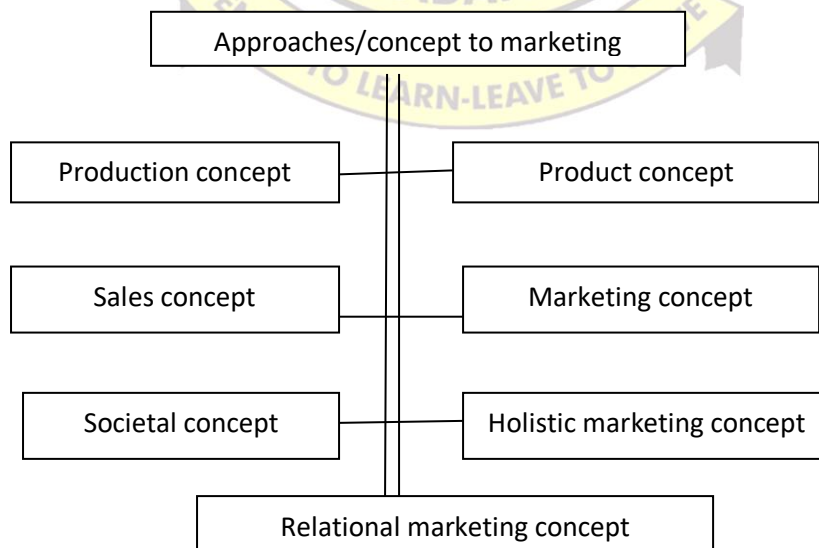
UNIT-I

UNDERSTANDING MARKETING MANAGEMENT

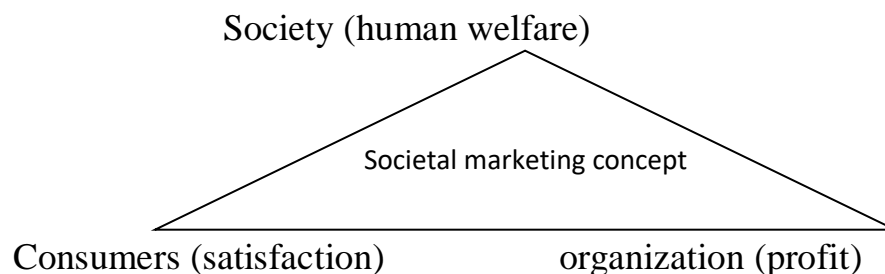
1. CONCEPTS & DEFINITION OF MARKETING: Market is defined as a group of individuals or organizations that is interested in purchasing products and services, is capable of doing it, and is having permissions of law of purchase that product.

According to cornet:“Economists understand by the term market, not any particular market place in which things are bought and sold, but the whole of any region in which things are brought by buyer’s and seller’s are in such free inter course with one another that the prices of the same goods tend to be at equality easily and quickly”.

According to Philip Kotler:“ A market consists of all the potential customer’s sharing a particular need or wants who might be willing and able to engage in exchange to satisfy that need or want” the marketing concepts are mainly used to achieve the desires exchange between the potential customer’s and the market.



1. **PRODUCTION CONCEPT:** The production orientation was introduced by the during the industrial revolution in the 19th century and lasted till the late 1920s. This concept is based on the law that “supply creates its own demand. Under this orientation, customer tastes and preferences are not considered while producing goods and services.
2. **PRODUCT CONCEPT:** The marketing concept is all about providing good quality products and service with alternative features to consumers at reasonable prices. It helps the seller to focus on the products considering their quality.
3. **SALES CONCEPT:** From the late 1920s till the end mid of 1950s the sales orientation or concept was widely used as the management philosophy. This approach involved large. Scale selling and promotional activities related to product and services. The main aim of this concept was to attract the number of consumer’s.
4. **MARKETING CONCEPT:** Market orientation is a customer –oriented concept, it is also called as the modern marketing concept. The basic philosophy of marketing concept state’s that the objective of an organization can only be achieved by acknowledging consumer’s needs and wants as well as satisfy them.
5. **SOCIETAL MARKETING CONCEPT:** - During the 1980s and 90s, several modifications took in the marketing concept. These modifications were specifically based on the understanding of the consumer’s as per their requirements.



6. **RELATIONAL MARKETING CONCEPT:** Transaction orientation is basically a market strategy which is used for generating sales and for

increasing efficiency. This type of the orientation very simple and so it has several disadvantages, on the other hand.

7. HOLISTIC MARKETING CONCEPT: In the 21st century, all the top-most organizations follow a new set of beliefs and practices known as holistic marketing. These concept strategies, actions and processes which are designed, developed and applied. This scope of holistic marketing involves following set of modern marketing processes.

- a. **Internal marketing:** The basic concept of the marketing has evolved in internal marketing.
- b. **Integrated marketing:** In this strategy, the marketer applies integrated marketing programs in order to develop, connect and deliver the significant customer value.
- c. **Performance marketing:** Performance marketing is a strategy which encompasses the performance of all marketing activities along with their ethical, legal, environment.

2. MARKETING STRATEGIES & PLANS: A mechanism or an absolute and invincible scheme, planned particularly for accomplishing the goals and objects set by the marketing department of the company is called marketing strategy.

ACCORDING TO CUNDIFF: Basically a company's overall marketing strategy is its competitive posture in the market place.

2.1 ELEMENTS OF MARKETING STRATEGY: A company can establish effective and competent methods of influencing customer's and stimulate their loyalty in future towards a product or service and business with the help of marketing strategy.

- a. **REAL CUSTOMER:** Marketing strategy must strive to attend to customer's requirements that are presently not being fulfilled in the market and which indicates sufficient size financial giants.
- b. **CLEAR TARGET:** One of the main components of marketing strategy is to find out the present and prospective customer's and their requirements.
- c. **BRANDS IDENTIFY:** Brand recognition is essential for every business enterprise as it is constituent of prioritizing marketing strategy.
- d. **ESTABLISH MARKETING GOALS:** A powerful and the appropriate marketing strategy mainly focus on laying realistic and attainable objectives.
- e. **STRONG MESSAGE:** The firm's message within a strong and suitable marketing strategy should be direct, explicit it and must provoke the customers. Business should distinguish from other player's.
- f. **DIFFERENTIATING FACTORS:** A crucial business marketing strategy is to be exclusive and distinct in the market in recent competitive times.

2.2 IMPORTANCE OF CUSTOMER LOYALTY:

- a. **PRICE FOR CUSTOMER:** The process of relating the existing customer's is much more cost-effective and profitable than identify and accruing new customers.
- b. **INSULATION FROM PRICE COMPETITION:** The introduction of internet has given rise to a fierce price competition. Because of which business are facing through tough competition regarding their price.
- c. **REDUCED MARKETING SPENDS:** If the company has developed a loyal customer's base then it can likely reduce its expenses on marketing activities.

- d. **ECONOMIC BENEFITS:** High level of customer loyalty can be measured by a company in terms of its economic benefits.
- e. **INCREASE THE FREQUENCY OF PURCHASE:** Companies provide complete knowledge about the products and services to the customer's with the help of perfectly planned customer orientation scheme.
- f. **OTHERS** :- i) Purchase the company's products and services respectively time and again.
- i. ii) Buy products of some brand and product line in large quantities.
- ii. iii) Provide the benefit of the doubt to the company when a product lacks of few things.

2.3 MARKETING PLAN

Marketing Mix and the market segment targeted by the company represent the nature it is developed by managers for individual lines, product, bands, channels, or customer's groups. It is essential for each organization to develop a marketing plan in order to achieve its organizational development.

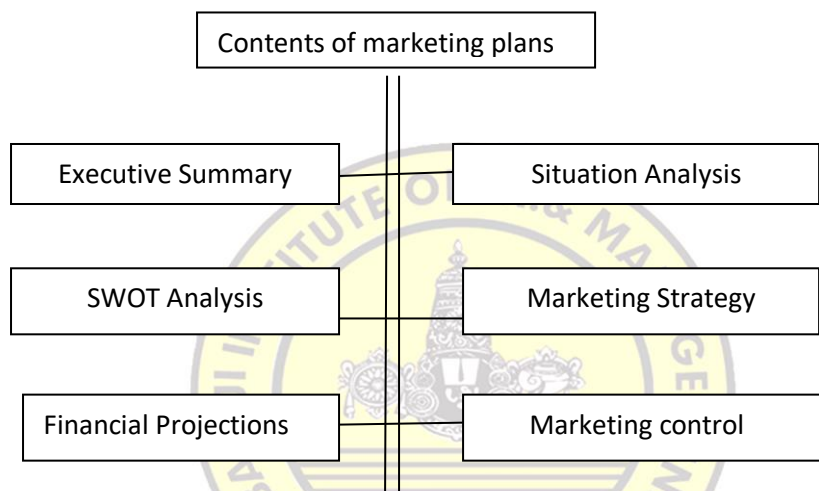
2.3.1 NATURE OF MARKETING PLAN:

- 1. FORMAL AND ORGANISED APPROACH:** - Marketing plan is purposeful is a formal and organized way of planning all the marketing activities.
- 2. PURPOSEFUL ACTIVITY:** - A marketing plan is purpose activities for which creative thinking and foresightedness is essential.
- 3. DYNAMIC PROCESS:** - Another significant feature of marketing plan is that it is a non-going and future oriented process.

4. POSITIVE AND NEGATIVE APPROACH: - Planning involves two things i.e., reducing incorrect actions and exploiting all potential opportunities.

5. PROGRESSIVE SYSTEM: - Planning includes advance decision making about what will be the course of the action will be performed.

2.4 CONTENTS OF MARKETING PLANS:



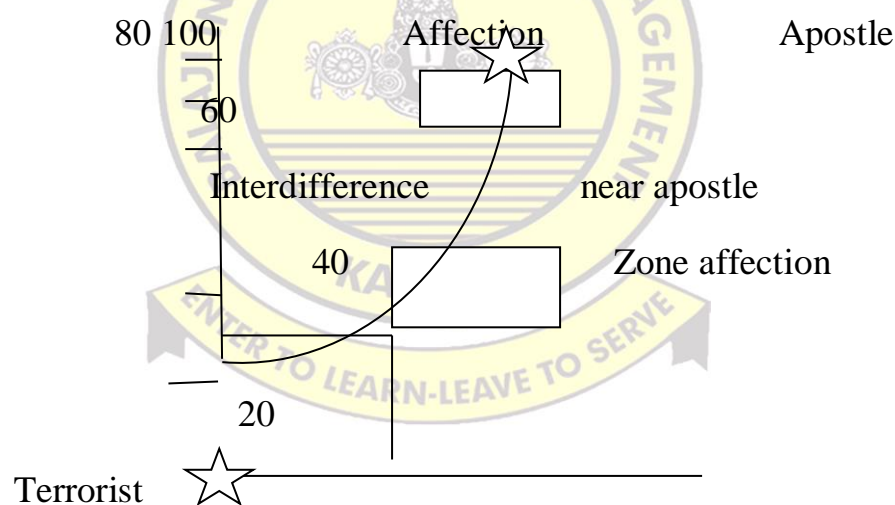
- a. **EXECUTIVE SUMMARY:** The first component of marketing plan is the executive summary. Executive summary is the first or the last content of the marketing plan.
- b. **SITUATION ANALYSIS:** Situation Analysis is an outline of all the relevant information related to three key environments i.e., internal environment and the customer's company external environment.
- c. **SWOT ANALYSIS:** In ACROYN SWOT refers to –strength weakness, opportunities and threats. This is influential technique determining the strengths, weakness and threats of the company.
- d. **MARKETING STRATEGY:** The component of marketing plan summarizes the strategies. The strategies to attain the marketing objectives of the organization.

- e. **FINANCIAL PROJECTIONS:** Financial projections are the future assumptions which are different from the past accounting facts and figures.
- f. **MARKETING CONTROL:** The last component of the marketing plan explains the technique of analyzing and controlling the outcomes of the marketing program.

3. CREATING LONG-TERM LOYALTY RELATIONSHIPS:

a. **FOUNDATION OF CUSTOMER LOYALTY:** Customers who are highly satisfied and delighted with company's offerings have more chances of becoming loyal customers.

Figure shows that are the relationship customer satisfaction and loyalty into three zones.



The zone of very high satisfaction level is called zone of affection. Customers in this zone are extremely loyal to the company and they do not go for other companies of the Same Industry.

b.CREATE LOYAL BONDS: A company can convert its target customer's to loyal customers by selecting the right segment of customer's attracting them.

b. STRATEGIES TO KEEP CUSTOMER LOYAL:

a. REWARDS: Rewards are incentives which are given to the customer's on the basis of repeated purchase quantity, value of purchase.

b. LOYALTY REWARDS:

a. **MVCS:** These are the customer's who spent lots of amount money and time to the company.

b. **MIGRATOR'S:** This customer's are not loyal and can try for the best.

c. **BZS, (BELOW ZERO):** These customers' visit the stores occasionally or react rarely for purchasing products or services.

c. **CUSTOMER MEMBERSHIP SCHMES:** Companies also offer a membership scheme to the customer's who are most loyal and trust worthy to the company.

d. MANAGING AND CRUTAILING DRIVER'S: Another method of building customer loyalty is to recognize the factor's responsible for the customer defect.

e. PROCESS OF DEVELOING MARKETING STRATEGY:

Marketing mix and the market segment targeted by the company present the nature of the marketing strategy of any company. The marketing mix manifests the approach company plans to adopt to sell their products and services.

f. SEGMENTING THE MARKET: Any market would possibly comprise of extensive classes of people behaving in an identical manner and having an identical requirements and demand namely.

g. SELECTING THE TARGET MARKET:

It will be an understatement to say that target market preference is a part of marketing strategy development. It is incapable of completely highlighting the significant of the value.

h. POSITIONING THE OFFER: Positioning of the offer is the next day key aspect of the marketing strategy. So far the company chosen the target market and determined.

i. ASSEMBLING THE MARKETING MIX: The marketing mix and target market jointly amount to marketing strategy principles of the promotion company. Uniting the 4ps namely product, price, place and promotion.

3.1 ESSENTIALS OF MARKETING STRATEGY:

- a. **CONSISTENT:** It is indispensable for marketing strategy to be even and uniform with the particular and over all the system and with other schemes.
- b. **SUITABLE:** A strategy is always developing due to different environments or circumstances. It is strategy that is peripheral and changing and dynamic business & environment.
- c. **TIME HORIZON:** The concept of strategy has a lot to learn from famous proverb “a stitch in time seaves nine”. The statement proves to suitable for a surgery.
- d. **WORKABLE:** Except if it is competent enough to serve the dynamic and constantly altering requirements of a situation, any strategy no matter how exemplary and apparently valid.
- e. **RESOURCE BASED:** A strategy formulated in the drop back of the available resources as its command is termed as well-founded and cogent strategy.
- f. **NON RISKY:** Unpredictability or variability is definite and risks are inevitable for any strategy.
- g. **RELATIONSHIP MARKETING:** It helps to build long term relationship with the key-participants of organization in order to be successful.

4. RELATIONAL MARKETING CONCEPT:

Relational marketing is defined as the mutual relationship between the organization and the customer.

4.1 MARKETING MIX :

Marketing Mix is a very basic and important concept of marketing management it helps an organization in increasing sales by attracting consumers towards their products and services. So every organization must focus on the fair elements of marketing i.e., product price promotion and place (distribution channel) in order to conduct the business more effectively. Hence a good blend of these fair elements (UPS) of marketing is referred to as marketing mix. Marketing mix is considered to be the heart of marketing mix in a sensible manner in order to achieve marketing goals. Such as, increasing sales and profit.

ACCORDING TO BORDEN,

The marketing mix refers to the appointment of efforts the combination the designing and the integration of the elements of marketing into a programmer or mix which on the basis of an appraisal of the market forces will best achieve an enterprises of a given time”

4.2 ELEMENTS OF MARKETING MIX: All the decisions related to the product the pricing policy the promotion plans, and the distribution strategy constitutes to form marketing mix. These fair elements of marketing mix and discussed below:-

- a. **PRODUCT:** - Product is the simplest element of marketing mix. This element accompanies the attribute benefits and competitive advantage which it present to its customers.
- b. **PRICE:** - The next element of marketing mix is price. Price is the money value of a product or service paid by the customer.

- c. **PLACE (DISTRIBUTION):-** Place is the third vital element marketing mix. Place is defined as a state of providing the right product in the right place of the right time for the consumers.
- d. **PROMOTION:-** Promotion is the blast element of marketing mix. It is the technique to communication and inform customers about the product.
- e. **EXTENDED PS OF MARKETING MIX: -** There are three extended PS of marketing mix which is as follows:
- f. **PEOPLE: -** In services marketing mix. People is the first additional element 'people' refers to the employees providing service delivery and also play at sole of end users of final consumers.
- g. **PROCESS: -** Another element of extended marketing mix is process it is an important marketing function and part of value chain is comparison with other functions.
- h. **PHYSICAL EVIDENCE: -** Physical evidence of service marketing mix can be of different types and appearances.

4.3 IMPORTANCE OF MARKETING MIX: The product price place and promotion combines to form the marketing mix. Marketing manager is responsible for the designing of effective marketing mix strategy. The important of marketing mix can be described with the help of following points.

- a. **LINKING CHANNEL:** Marketing mix acts as a linkage between customers is organization.
- b. **IMPROVED SALES:** The main aim of marketing mix is to design a perfect combination of product price place and promotion.
- c. **BALANCED RELATION BETWEEN OTHER ELEMENTS OF MARKETING:** A balanced relation between different marketing components can be achieved enough marketing mix.
- d. **HELPFUL IN FULFILLING THE NEEDS OF CUSTOMERS:** The need of different types of customers is assisted by marketing mix.

5. PRODUCT LIFE CYCLE (PLC):

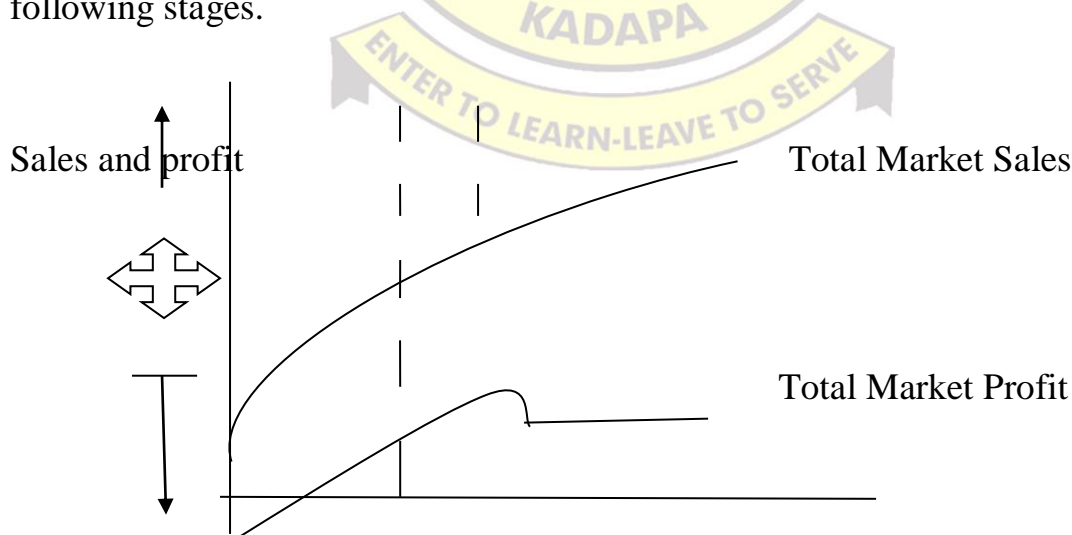
INTRODUCTION:- All the products has a particular desertion of life similar to human beings as human has different stages of life like birth, growth aging, and death), product also passes through several definite stages which can be easily identification by markets right from the time of concept general during product development and up to the time product launch the product is said to be if pre-initial stage.

The life of the product starts with its introduce into the market it then expenciences a repaired ex-in its market. This stage is followed by steady growth of the product resolving in its marketing subsequently there comes a stage when the market for the product decays and finally its life extending sales vaccine of a specific product of freed by a organization over the expected life at product.

ACCORDING TO PHILIP LEATLER “The product life-cycle is an attempt to recognize distinct stage in the sales history of the product”.

5.1 STAGES OF PRODUCT LIFE CYCLE:

Generally product life cycle graph is a bell-shaped curse. This curve consists of following stages.



- a. **INTRODUCTION:** Introduction stage is the stage at which product is introduced into the market. This stage is characterized by presence of slow sales growth. There is no scope of profit generation as it takes time

to balance. The product launch exposes with its sales among. The different stage of the PLC the introduction stage is the most costly stage as it consumes a large amount of investment.

- b. **GROWTH:** This is the stage where in the product gains quick acceptance in the market and starts generation profit. The rapid growth in sales and profit is the key feature of this growth stage.
- c. **MATERNITY:** In maternity stage a level of maternity is reached in a product's sale as it has now been accepted by most target customers. The profit generated by the product is stabilized are may describe due to enhanced competition.
- d. **DECLINE:** This stage is marked by sales going doles and profits decreasing drastic. Hence the product loses its position and makes a way for a new product to enter into the market

5.2 STRATEGIC IMPLICATIONS OF DIFFERENT STAGES

OF PLC: Product life cycle of PLC serves as useful yardstitic for marketers to analysis a products demand in the market and understand prevalent market conditions in different stages of its cycle PLC describe the changes in Marketing environment demand and supply of the product consumer understanding and the extent of competitors in the market.

I.INTRODUCTION PHASE: The introduction phase is the phase of launching a product into the market in organizational terms characteristic of this phase and huge casts of operations streaming from in efficient levels of production extended duration of learning resistance by the established trade to accept a new product in the market distributors and resources demanding higher margins with longer credit periods and need of extensive advertisement.

II.RAPID SLIMNING STRATEGY: For consumers with low awareness about products etc best strategy is the rapid price this strategy of high promotion and high price this strategy also works best when consumer who are aware about products are willing to pay any amount of money to purchase them.

During the launch of a product marketers wish to balance the costs incurred in the launch phase of the product by rapid skimming strategy.

III.SLOW SKIMMING STRATEGY: - The essence of this strategy is that the company has enough time to balance. The expenses incurred during the product pre-launch period in this case the product is launched by the company at a high price but a comparatively less amount of money is spent on the promotion.

	High	Slow
High	Rapid Skimming Strategy	Slow skimming strategy
Slow	Rapid Penetration strategy	Slow Penetration strategy

IV.DECLINE PHASE: - The decline phase is the final stage in the life cycle of a product profits and sales continues decreased during this stage technological development changes in the tastes and preferences of consumer development of new product with comparative low price ranges and new fashions trends are the major reasons behind the lowering of the sales.

6. ANALYSING COMPETITORS/COMPETITOR ANALYSIS:

INTRODUCTION: In the field of marketing and strategic management competition analysis is a process of evaluating. The strength and weakness of present and potential competitors. It is considered as a crucial part of company marketing plan. By combining a single framework an effective prattling of competitor analysis into a single framework, an effective profiling of competitors can be done in order to formulate, implement, monitor and adjust the strategy in an efficient manner.

6.1 COMPETITOR ANALYSIS FRAMEWORK:

- a. **MICHAEL PORTER:** - Introduced a framework for analyzing the competitors typically this framework is based on favor key aspects of competitors which are as follows:
- b. **COMPETITORS OBJECTIVES:** - A company can anticipate the moves of its competitor in a better way if it is aware of competitor's objectives. These objectives are mainly short-term and long –term.
- c. **COMPETITOR'S ASSUMPTION:** - The competitor's strategies are based upon the assumption that their manager has about the industry and the organization.
- d. **COMPETITOR'S CURRENT STRATEGY:-** What the competitor say's and 'what it does' are the two main sources of competitor's strategy following points highlight what the competitor say's about the strategy.
 - Managerial statements
 - annual shareholder reports
 - press researches, and
 - interviewers with analysis
- e. **COMPETITOR'S RESOURCES AND CAPABILITIES:** - The resources and capabilities of a competitor define its ability respond against the competitive market environment.

7. CONDUCTING MARKETING RESEARCH:

7.1 MEANING & DEFINITION OF MARKETING RESEARCH:

A formal process with an objective of obtaining analyzing, and interpreting data for exercising ducting marketing iu marketing is known as marketing research problems related with marketing of products and services are systemically studied under this process marketing research is not limited to just are specific area of marketing. Therefore it would not be wrong to say that

marketing research is appreciable to almost all the areas and focus all phases of marketing.

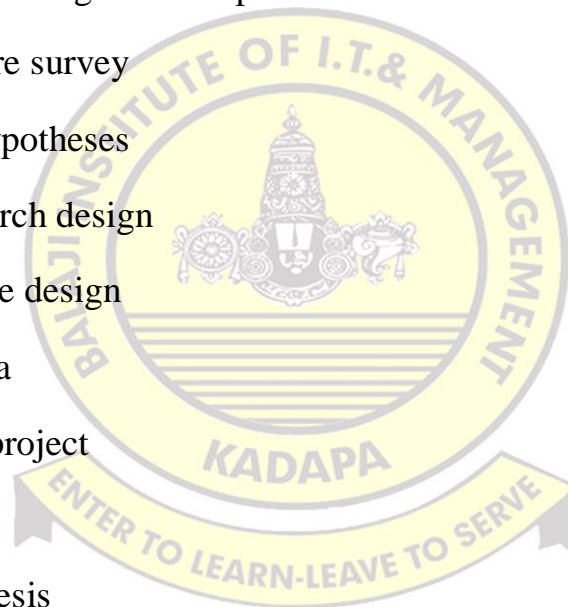
ACCORDING TO PHILLIP KOTLER: - Marketing research is the systematic design, collection analysis and repeating of data relevant to a specific marketing situation facing an organization.

Conducting marketing research

Marketing research process

The marketing research process includes the following steps.

1. Identifying and defining research problem:
2. Extensive literature survey
3. Formulation of hypotheses
4. Preparing to research design
5. Determining sample design
6. Collecting the data
7. Execution of the project
8. Analysis of data
9. Testing of hypothesis
10. Generalisation and interpretation
11. Preparing of the report on the thesis



1. **IDENTIFYING AND DEFINING RESEARCH PROBLEM:** In order to carry at the marketing research in an orderly and convent way a sequence of actions or step is needed to be followed. The fore most work in this direction is identifying and defining to research problem.

2. **EXTENSIVE LITERATURE SURVEY:** The next step in the process of re marketing research is to analyze the available literates allow the researches that have been published by different researches in marketing the process

purpose of literature survey is to provide the research an idea about the area of knowledge and highlighted issues that needs be researched.

3. **FORMULATING OF HYPOTHESIS:** Where literature is thoroughly surveyed the researchers made to the next step i.e. formulated hypothesis.
4. **PREPARING THE RESRACH DESIGN:** The conceptual frames work within which research the aim of describe the characteristic of a phenomenon.

Description Research: unlike exploratory research the aim of description research is to describe the characteristics of pheromones.

Causal research: - Causal or experimental research design is a type of research design which is predetermined and structure in mature.

5. **DETERMINING SAMPLE DESGIN:** As soon as the design of research is selected the next task is to select the sample design sample gets a problem for effective data collection and analysis.
6. **COLLECTING THE DATA:** After finalizing the sample in the previous step the required data is collected from the sample of population actually this step is an interudiency stage between the article and practical aspects of a research.
7. **EXECUTATION OF THE PROJECT:** It is the next step in the marketing research process after the collection of the marketing research takes place.
8. **ANALYSIS OF DATA:** After collecting data and successfully executive the filled work the collected data and analyzed data analysis is very essential to drawn the required informational from the new data by marketing it organized and the meaningful.
9. **TESTING OF HYPOTHESIS:** The researcher has to test the hypothesis once the data has been analyzed for this statistics have developed different test situating f-test to t-test
10. **GENERALISATION AREA INTERPRETATION:** As the collecting data is analyzed through different statistical techniques of methods the final results should be given value and meaning.

11. PREPARATION OF THE REPORT OR THESIS : The final stage of any marketing research process is the preparation of research report after collecting analysing and inter-pretng the data the next task is to compile a the steps and present those phases in a written focus.

7.2 TECHNIQUES OF MARKETING RESEARCH:

Marketing research can be conducted using the following important techniques

TECHNIQUES OF MARKETING RESEARCH

Served Method	observation method
Experimentation	warranty cards
Distribution or store analysis	pantry waits
Panels/ consumer panels	use of mechanical device
Content analysis	focus groups

- a. **SURVEY METHOD:** Survey is a systematic description technique that is conducted to collect the information from a sample of individuals drawn from a large population.
- b. **INTERVIEW METHOD:** Interview is the exchange of ideas which takes place between two or more people with the purpose of getting information from the respondent.
- c. **QUESTIMAINIE METHOD:** In process to collect the relevant infraction from the respondents by asking question it is necessary to design a questionnaire comprising of question related to the research problem

- d. **SCHEDULE:** Just like the questionnaire a schedule is also a collection of question. These questions are separated through different sub-heading as per the research problem.
- e. **OBSERVATION METHOD:** The method involving the systemic resolving and assessment of behavioral form of a particular individual object or event so as to collect designed information about a research problem without any presented communication is called observation.
- f. **EXPERIMENTATION:** An important method to collect primary data is experimentation in experimentation the causal relationship is determined and analyzed between variables.
- g. **WARRENTLY EARLOS:** Another technique used in marketing research is warranty cards warranty cured are generally caused by the elevators of customer durables to get the feedback of products from their consumers.
- h. **DISTRIBUTOR OR STORE AUDITS:** Both manufactures and distributors refer distribution or stage audits through their sales representatives after short intervals.
- i. **PANTRY AUDITS:** As the name suggests the information collected in the pantry quails is obtained by examining consumer's panty.
- j. **PANELS / CONSUMER PANELS:** Panels are mostly used progressively for syndicated research projects in this method a of study units such as organizations households for stases etc from which data is collected periodically.
- k. **USE OF MECHANICAL DEVICES:** With the advent of technology mechanical devices are being extensive used to gather information using indirect modes audiometer lye equates psychical mentor pupil geometric camera etc.

CASE I : NAKAMURA LACQUER COMPANY

The Nakamura Lacquer Company (NLC) of Kyoto, Japan, employed several thousand men and produced 500,000 pieces of lacquer tableware annually, with its Chrysanthemum brand becoming Japan's best known and bestselling brand. The annual profit from operations was \$250,000.

The market for lacquer ware in Japan seemed to have matured, with the production steady at 500,000 pieces a year. NLC did practically no business outside Japan.

In May 2000, (much to your chagrin!) the ambitious and dynamic, Mr. Nakamura (Chairman, NLC) received two offers from American companies wishing to sell lacquer ware in America.

The first offer was from the National China Company. It was the largest manufacturer of good quality dinnerware in the U.S., with their “Rose and Crown” brand accounting for almost 30% of total sales. They were willing to give a firm order for three years for annual purchases of 400,000 sets of lacquer dinnerware, delivered in Japan and at 5% more than what the Japanese jobbers paid. However, Nakamura would have to forego the Chrysanthemum trademark to “Rose and Crown” and also undertake not to sell lacquer ware to anyone else in the U.S.

The second offer was from Sammelback, Sammelback and Whittaker (henceforth SSW), Chicago, the largest supplier of hotel and restaurant supplies in the U.S. They perceived a U.S. market of 600,000 sets a year, expecting it to go up to 2 million in around 5 years. Since the Japanese government did not allow overseas investment, SSW was willing to budget \$1.5 million for the next two years towards introduction and promotion. Nakamura would sell his “Chrysanthemum” brand but would have to give exclusive representation to

SSW for five years at standard commission rates and also forego his profit margin toward paying back of the \$ 1.5 million.

WHAT SHOULD MR. NAKAMURA DO?:

Situational Analysis:

The Nakamura Lacquer Company: The Nakamura Lacquer Company based in Kyoto, Japan was one of the many small handicraft shops making lacquer ware for the daily table use of the Japanese people.

Mr. Nakamura- the personality: In 1948, a young Mr. Nakamura took over his family business. He saw an opportunity to cater to a new market of America, i.e. GI's of the Occupation Army who had begun to buy lacquer ware as souvenirs. However, he realized that the traditional handicraft methods were inadequate. He was an innovator and introduced simple methods of processing and inspection using machines. Four years later, when the Occupation Army left in 1952, Nakamura employed several thousand men, and produced 500,000 pieces of lacquers tableware each year for the Japanese mass consumer market. The profit from operations was \$250,000.

The Brand: Nakamura named his brand "Chrysanthemum" after the national flower of Japan, which showed his patriotic fervor. The brand became Japan's best known and best selling brand, being synonymous with good quality, middle class and dependability.

The Market: The market for lacquer ware in Japan seems to have matured, with the production steady at 500,000 pieces a year. Nakamura did practically no business outside of Japan. However, early in 1960, when the American interest in Japanese products began to grow, Nakamura received two offers

The Rose and Crown offer: The first offer was from Mr. Phil Rose, V.P Marketing at the National China Company. They were the largest manufacturer of good quality dinnerware in the U.S., with their "Rose and Crown" brand

accounting for almost 30% of total sales. They were willing to give a firm order for three years for annual purchases of 400,000 sets of lacquer dinnerware, delivered in Japan and at 5% more than what the Japanese jobbers paid. However, Nakamura would have to forego the Chrysanthemum trademark to “Rose and Crown” and also undertaken to sell lacquer ware to anyone else in the U.S. The offer promised returns of \$720,000 over three years (with net returns of \$83,000), but with little potential for the U.S. market on the Chrysanthemum brand beyond that period.

UNIT-1 IMPORTANT QUESTIONS

1. Define the term market. Explain the factors which influence the marketing environment in detail.
2. Explain the various stages in product life cycle with advantages.
3. Describe various marketing strategies adopted in launching and promoting the product in MNCs with one example.
4. Define marketing management. What are the qualities that exist in a marketing manager?
5. How do we analyze competitors in the marketing process? Explain.
6. Discuss the major components of strategic planning process in marketing.
7. Write a short note on;
 - a) Marketing mix
 - b) Conducting marketing research.

Syllabus

(17E00202) MARKETING MANAGEMENT

1. Understanding Marketing Management: Concepts of Marketing, Marketing Strategies & Plans, Creating long term loyalty relationships, Marketing mix, PLC, Analyzing Competitors, Conducting Marketing research.

2. Connecting with Customers & Building Strong Brands: Analyzing Consumer Markets, Analyzing Business Markets, Tapping into global markets, Identifying market segments and targets, Crafting Brand Positioning, Creating Brand Equity- Addressing Competition and driving growth.

3. Creating & Communicating Value:- Setting product strategy, Designing & managing services, Introducing new market offerings. Developing pricing strategies & programmes. Designing & Managing Integrated Marketing Communications, Advertising & Sales Promotions, Events and experiences, Managing digital communication - online, social media & mobile, Personal selling.

4. Delivering Value :- Managing retailing, wholesaling and logistics. Designing and Managing Integrated Marketing Channels

5. Sales Management:- Nature & Importance of Sales Management, Skills of sales manager, Sales objectives, Concepts of sales organization, Types of sales organization.

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UNIT-2

CONNECTING WITH CUSTOMER'S AND BUILDING STRONG BRANDS

1. ANALYSING CONSUMER MARKETS: The term consumer and market combine to form consumer market. Here consumers refer to a person or individual who pays to consume goods and services produced.

According to PROF. R. CHAMPMAN – the term market refers not necessarily to be place but always to be a commodity and the buyers and sellers who are in direct competition with one another.

1.1 CHARACTERISTICS OF CONSUMER MARKET

1. **HUGE NUMBER OF BUYERS AND SELLERS:** consumer market comprises of huge number of sellers and buyers interacting with each other to satisfy their mutual needs.
2. **VARIETY OF PRODUCTS:** due to presence of huge number of sellers consumer markets have variety of products for every consumer type.
3. **SMALL SIZED PURCHASES:** consumer market is characterized by small sized purchases. End consumer purchase small or limited quantity of any product.
4. **WIDESREAD AREA:** Consumer market is spread in a wide geographical area different type of buyers and sellers are present in it.
5. **LONG CHAIN DISTRIBUTION:** Generally long chain of distribution is found in consumer markets as different consumers requires different product in different quantities.
6. **MEDIA FOR COMMUNICATION:** In consumer market generally cash payments are made by the consumers after the purchase of the product.

1.2 IMPORTANCE OF ANALYSING CONSUMER MARKET

1. **PERFORMANCE EVALUATION OF THE PRODUCT:** consumer market analysis is not just about finding out if consumers are engaged with buying a product or not.
2. **MARKETING FUTURE PREDICTIONS:** it helps in predicting the future performance of the organizational products. By analyzing various factors present in the consumers market.
3. **PRODUCT LINE:** Marketers utilize the customer product market analysis as a tool to decide the product line or product mix of the organization.
4. **NEW PRODCUT DEVELOPMENT:** Consumer market analysis plays a key role in new product development. This analysis providers tastes new preferences of the consumer along with desired product types as well as it features.

2. ANALYSING BUSINESS MARKETS:

2.1 CONCEPT OF BUSINESS MARKET: Business market is a place where individuals and organizations procure various goods and services that are required for producing other goods and services in order to sell rent or supply to others.

ACCORDING TO PHILIOP KORTLER – The industrial market consist all the organizations that acquire goods and services that are sold.

2.2 CHARACTERISTICS OF BUSINESS MARKET

1. **CONCENTRATED GEOGRAPHICAL AREA:** the business market is concentrated with organizational buyers. For example about 50% of manufacturing and the services firms are established in just nine states.

2. **FEW BUYERS AND MASSIVE BUYING:** the total number of business buyers is very less than consumers and buyers. But these buyers buy in order to the large amount of the organizational products and services.
3. **PRESENCE OF EITHER VERTICAL OR HORIZONTAL MARKETS:** markets may be horizontal or the vertical. In horizontal market the organizational product may be sold to large number of the organizations operating in variety of industries.
4. **DEMAND DERIVED:** the demand for organizational product is derived from demand of consumer product therefore organizational products would only be purchased when there is a demand for consumer products.
5. **DEMAND IN CLASTIC:** demand is called in elastic when it is not affected by the price change. In organization market the demand for organizational products and services.
6. **FLUCTUATING DEMAND:** the flectional in organizational demand is the key feature of organizational market. The frequency of fluctuation is much higher than in case of consumer market.
7. **GROUP DECISION-MAKING:** Group decision making is proffered in the business buying a large amount of the significant and costly products are purchased in it.

2.3 IMPORTANCE OF ANALYSING BUSINESS MARKET

1. **ANALYSING PERFORMANCE:** the analysis of business market the accurate estimation of organizational performance or industry performance in the particular market.
2. **TARGETTING AND POSITIONING:** effective analysis of the business of market ennobles the marketers to accurately position of their organization. This helps in order to become different from competitors.

3. **IDENTIFYING OPORTUNITIES AND THREATS:** business market analysis shows the opportunities and risks present in the organizational market.
4. **INTERNAL ANLAYSIS:** business market analysis helps in estimating the internal capabilities and the management policy of the organization. It enables the cross matching of internal and external marketing.

3. TAPPING INTO GLOBAL MARKETS:

International or global marketing is defined as the marketing activity which is carried out across the national business boundaries. Hence it involves which is carried out across the goods and services from one nation to another nation.

ACCORDING TO AMA (AMERICAN MARKETING ASSOCIATION): international marketing is the multinational process of planning and executing the conception pricing promotion and distribution of ideas goods and services.

ACCORDING TO WAREN J.KEEGAN: international marketing is the process of focusing the resources and objectives of an organization on global marketing opportunities and needs.

1. **DOMESTIC MARKETING:** domestic marketing refers of those marketing activities that are carried out in marketer's country. It takes place in the home country.
2. **FOREIGN MARKETING:** in foreign marketing the company operates in other country other than the home nation. The goods and services produced are based on the tastes.
3. **COMPARATIVE MARKETING:** the concept of comparative marketing involves comparison between two or more marketing systems. This is done by companies in order to analyze a specific country more effectively.
4. **INTERNATIOANL TRADE:** international trade refers to the flow of goods and services across different nations.

3.1 BASE FOR MARKET SEGMENTATION

1. **GEOGRAPHICAL SEGMENTATION:** this includes the segmentation of market based on location size, population density climate etc.
2. **DEMOGRAPHIC SEGMENTATION:** Another important basic commonly used for market segmentation is the demography i.e. age gender income, education region family and size.
 - a. **AGE AND LIFE CYCLE STAGE:** the requirements of consumers are related to age group and this can divide into four stages i.e. children young adult and old.
 - b. **GENDER AND SEXUAL ORIENTATION;** males and females have different requirements and it is inherent in their nature.
 - c. **MARITAL STATUS:** Life style of married and unmarried individuals is totally different. A bachelor normally spends his earning on entertainment **AGE** hotels.
 - d. **INCOME:** Buying behavior of consumers is derived from their income. In our century it varies from few thousands rupee to even millions.
 - e. **SOCIAL CLASSES:** As per the social classes status of a person buying patterns change. A business tycoon will prefer Mercedes Audi BMW cars and expensive cell phones.
 - f. **FAMILY SIZE:** To purchase requirements vary with family size. The consumption level is different for joint family and nuclear family.
 - g. **OCCUPATION:** Occupation of an individual affects buying behavior to great extent.
 - h. **EDUCATIONAL LEVEL:** The people with same educational background and income have different preferences for certain products.

- i. **RELIGION:** Certain rituals festivals eatables clothes colors etc are related to religion.

3. PHYSIGRAPHIC SEGMENTATION: Psychographic segmentation of the market is not absolutely correct and it generally found that persons of same age equal the financial status educational background products selecting a new product or choosing ship.

4. BEHAVIOR SEGMENTATION: In involves segmentation the market on the basis of understanding how customers use particular product what they know about the product or what their attitude towards a product is or how they respond towards a particular product.

4. IMPORTANCE OF MARKET SEGMENTATION

- a. **BETTER POSITION TO SPOT MARKETING OPPORTUNITIES:** Depending upon the sales volume of the product in different segments. The marketer can make alternative in distribution or advertisements.
- b. **ALLOCATION OF MARKETING BUDGET:** Different segments show different sales volume these helps to analyze and they regulate the budget allocated to these segments.
- c. **UNDERSTANDING AND MEETING THE NEEDS OF CONSUMERS:** Since every smaller market segment is concentrated it gives marketers an opportunity to fully understand the needs habits taste and expectations of the consumers.
- d. **STRONGER POSITIONING:** Positioning of a product is all about making a significant position in the mind of consumers for satisfying their needs and improving the situation in the best possible manner.
- e. **ENHANCED EFFICIENCY:** The purpose of market segmentation is to make the marketing more effective the practice of locating customers in segments and trying to attract them through advertisement will have little.

- f. **COMPETITIVE ADVANTAGES** In the present competitive scenario the company which can remain its consumer is a winner. After understanding the customer segments a common opinion can be made on that attracts a customer to particular brand.
- g. **TARGATED MEDIA:** Segmentation divides the market into small groups comprising of selected group of people.
- h. **MARKET EXPANSION:** Segmentation also helps in market expansion
- i. **BETTER COMMUNICATION:** Effective communication is possible only after understanding the target market.

5. TARAGET MARKETING:

Marketing segmentation helps the company to identify various opportunities. On the basis of these market segments the marketers can determine the specific markets to be targeted. Marketing targeting is a process of the ascertaining groups of customers who are likely to purchase the products and services of the company.

A. **LIMITED MARKET COVERAGE TAGETING:**When the company chooses to operate in one or a few market segments then it is called limited market coverage targeting.

- **SINGLE SEGMENT CONCENTRATION:** The Company may choose to operate in the single segment by adopting concentrated marketing strategy a company is able to identify the needs and wants of a particular segments.
- **SELECTIVE SPECIALISATION:** under this type of targeting firm operates in large number of segments each of which is profitable and attractive.

B. PRODUCT SPECIALISATION: Here the strategy of the company is product based. The company decides to specialize a product and then sell it to various market segments.

C. MARKET SPECIALISATION: In the strategy the company focuses on a particular customers segment and arises to supply as many products as possible to this segment.

D. FULL MARKET COVERAGE: In this strategy the firm chooses to satisfy all types of customer by providing different products. This is suitable for only large firms who can cover full market.

- **UNDIFFERENTED MARKETING:** In this the firm does not consider different market segments and offers homogenous products to the entire market. The seller only focuses on the fundamental needs of the customers. Than the variations in customers choices.
- **DIFFERENTIATED MARKETING:** in the differentiated marketing the firm produces and design different products volume propositions for differ nets market segments.

E. CONCENTRATED MARKETING: This is the third market coverage strategy. This strategy is adopted by the companies having limited resources.

6. CRAFTING BRAND POSITIONING: PROCESS OF BRAND POSITIONING:

- 1. COMPETITOR IDENTIFICATION:** Extensive and inter disciplinary thinking is essential at this step of the brand positioning.
- 2. DETERMINING HOW COMPETITORS ARE PERCIVED AND EVALUATED:** after defining the components next it is required to find out how they viewed by customers.

3. **DETERMING THE COMPETITORS POSITION:** it is necessary to establish the way in which each opponent is placed with regards to each attribute this is possible once the company decides upon the applicable features and their respective significance of the customers.
4. **ANALYSING CUSTOMERS PREFERENCES;** these are several factors in market segmentation that that are differentiated among set of customers like demographic differences purchase motivations lifestyles etc. there can be distinct feature significance ratings and separate purchase reasons for each of these market segments.
5. **MAKING THE POSITIONING DECISION:** the ultimate brand positioning decision to be made once we are done with the first four steps of positioning process.
6. **MONITERING THE POSITION:** after the company is successful in attain a certain place in the market it is very essential for it and check how successful it is in sustaining this rank attained in the market.

7. CREATING BRAND EQUITY:

in today's competitive market the importance of brand equity is quite evident to both small and large business organizations despite not knowing the different elements involved in it.

- a. **DEFINE POSTITIONG:** Defining the positioning is the initiate stage of creating brand equity. This is the sole element which has a deep impact on the consumers mind. Having a clear positioning among the competitors is required from the marketing.
- b. **TELL BRAND STORY:** Having a well defined positioning is very important but position statements are nothing but the internal standards rather than being the external expressing. These statements must be conveyed externally to the organization.

- c. **BRING IT TO LIFE:** After having a time story, some sort of life needs to be added in it. It is important to have a link between the external feel of the organization and the truth.
- d. **BUILD BRAND BEFORE TRANSACTION:** should be initiated before the customer approached any store or the cash register. Firms should not be limited only up to transactions.
- e. **MEASURE EFFORTS**
 1. **ASK THE CUSTOMERS;** the customers can be asked about their view of brand when they entered the store or even some kind of research can also be conducted surveys can be conducted and different prospects in the local area.
 2. **MONITER SOCIAL MEDIA CONSERVATION:** generally most of the customer has very active and open conservation related to their loved or hated brands.

7.1 SIGNIFICANCE OF BRAND EQUITY

1. **SIGNIFICANCE TO CUSTOMERS:** following are the ways in which brand equity is significant for the customers,
 - Products and brands related information can be easily stored processes or interpreted by the customers.
 - Brand equity fills the customers with the confidence while making a purchase decision buying a branded product gives more confidence to the buyers as compared to buying a none branded.
2. **SIGNIFICANCE TO MARKETER:** Brand equity is also significant to the marketers as its increases their value in the market.
 - Brand equity facilities marketing activities it helps in implementing more efficient marketing programs.

- Improved customer loyalty is the result of positive brand equity.

8. ADDRESSING COMPETITION AND DRIVING GROWTH:

INTRODUCTION

Approaches and tactics developed by the organizational to deal with competitors are collectively to deal with competitors are collectively strategies. Here competitive existing between competitors as well as the level of interaction between these competitors and their customers acts as barriers for the formulation and development of competitive strategies.

Competitive strategy is about being different. It means deliberately choosing to perform activities differently.,- “MICHAEL E.PORTER”

1. **TIMING RELATED STRATEGIES:** these include innovative leader strategy fast follower strategy and imitator strategy.
2. **POSITION BASED STRATEGIES:** these include market share leader strategy and prime position strategy.
3. **OFFENSIVE STRATEGIES:** these include attacking strategy and flecking strategy.
4. **DEFENSIVE STRATEGIES:** these include protecting strategy and reposition strategy.

All these categories are interred related and can be used individually or in combined from to achieve a particular objective.

CASE STUDY –II**1. Software ONE Brand Positioning****Challenge**

Software ONE, an international software licensing company based in Switzerland with \$2.5 billion in sales, 1,300 employees and operations in over 80 countries, was looking to refine its brand message to better engage with business audiences here in the United States. The company turned to Quad/Graphics Creative Solutions for recommendations that would not only create stronger relevance and resonance in this market, but also ensure cohesive alignment with its global brand.

Solution

A comprehensive brand audit was conducted that examined the current state of Software One's global brand while identifying the local nuances in the U.S. The audit focused on understanding the needs/drivers and decision priorities of Software One's target audience, the company's vision and strategic focus, core values and brand personality, as well as its competitive advantages. Software One's expertise and singular focus on software licensing stood out as its strongest competitive advantage. This also resonated with clients, because it gave them complete confidence that all of the complexities and intricate details of software licensing would be expertly managed, along with an overarching strategic focus on optimizing the value of their software licensing assets enterprise-wide. This direction was incorporated as part of Software One's new message strategy and an integrated brand communications plan we developed to implement it.

Results

The new message, "ONE Focus – Software Licensing," was adopted globally while regional differences in Service offerings, language and look and feel were accounted for on the United States version of Software One's new website and collateral. This new strategic message platform helped bolster Software One's position in the marketplace and image as the only service provider with an exclusive focus on software licensing. Software ONE has since become the fastest growing Microsoft Licensing.

UNIT-2 IMPORTANT QUESTIONS

1. What is the psychological process that affects the consumer behavior?
2. Discuss the different ways in which markets are segmented.
3. Explain the patterns of target market selection.
4. What are the various strategies used for entering into global markets? Explain briefly?
5. Explain
 - a. crafting brand positioning
 - b. creating brand equity-addressing competition and driving growth

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UNIT-3

CREATING AND COMMUNICATING VALUE PRODUCT

1. INTRODUCTION:

A product is the item that is developed and refined for sale in the market. It aims to meet the customer's needs and wants. The concept of product (or) be categorized into two, i.e., narrow concept and wide concept. In its narrow concept, a product is a combination of physical or chemical characteristics which has some utilities.

It is not just a non-living object or a physical substance. A product also has other functions than its utility like satisfying customer needs and wants, e.g., fan, table, pen, cooler, chair, etc. in its wider concept, a product having a variety of colors, designs, packaging and brand is said to be a different product. For example, if a shampoo is made available in three different variants and smells, then these are three products, as they are filling needs of customers with varied choices.

Hence, product is defined as a complete package of benefits received by a customer.

According to George Fisk, “product is a cluster of psychological satisfactions”.

According to W.Alderson “A product is a bundle of utilities consisting of various features and accompanying services”.

A.. SETTING PRODUCT STRATEGY: Product strategy can be considered as a long-term competitive plan which consists of different decisions related to product, product line, accomplishing the marketing objectives and efficient resource utilization.

The below-mentioned three questions must be answered by the product strategy selection approach, which is the action plan of the product:

- a. **Where we are headed:** The fundamental objectives like growth versus profits are mainly discussed in it.

- b. **How will we get there:** This is the foundation of the marketing or product strategy which mainly deals with the topics such a targeting the existing or new customers. This can be stated terms of a targeting and positioning statement which can define the following:
- I Customer targets,
 - ii) Competitive targets, and
 - iii) The combination which can facilitate the firm to successfully capture the target customer despite having tough competitive.
- c. **What will we do:** some particular tactics or programmer addressed which are to be implemented for the effective execution of basis strategy In fact, it, mainly involves defined the marketing mix (product, promotion, distribution)

B.DEVELOPING PRODUCT STRATEGY INVOLVES CONTINUAL CHANGE: It is important for the marketers to understand that flexibility and dynamic nature are two important aspects a product strategy. In case of marketing, product is considered as a variable element. Due to changes in the below-mentioned factors, firms are required to implement some modifications in the product strategy.

- a. **CUSTOMER NEEDS:-** The main objective of product is to satisfy the needs and wants of the target customer groups.
- b. **TECHNOLOGY:** - Product modification or obsolesce of an existing product can be resulted due to some technological changes.
- c. **GOVERNMENT POLICIES/LAWS:-** Product strategy can be changed due to (various) variations and updating is government policies or the law formed by Indian parliament.
- d. **PRODUCT LIFE CYCLE:- (PLC) :** For having an increased sales and profits, the decision related to dropping, modifying or developing a new or substitute products has to be taken by the organizations and it mainly happens when the product is at maturity or decline phase of PLC.

2. DESIGNING AND MANAGING SERVICE:

Service is provided by seller to buyer in exchange of money (economic activity) but it does not provide the ownership of the services provided to the buyer, only values are exchanged. This is the feature that distinguishes services from physical goods.

Generally, it is regarded as a process which is responsible for bringing change in the intangible as well as physical belongings of the customers so as to benefit them. As per the marketing experts, the term 'service' is not limited to personal services like dentists' services, hair-cut, legal consult, auto repairing, etc.

The scope of the service is much more than that variety of definition of service is given by different experts but no single universal definition is available.

ACCORDING TO PHILIP KOTLER-" A service is an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or not be tied to a physical product."

ACCORDING TO ZEITHAML AND BITNER" Services are deeds, processes and performances." Due to increasing significance and size of the service sector, especially with reference to the manpower (supply) employed and economic significance, it is important to have well-designed and well-managed services so that the companies can become competitive and attract new customers effectively.

For the effectively designing and management of services, the fundamental element of services must be understood and different elements of services must be considered carefully.

The fair deployment of resources of service organization and having a great marketing tool can be obtained with the help of effective design and management of services.

3. INTRODUCING NEW MARKET OFFERINGS: NEW PRODUCT DEVELOPMENT:

- ✚ The goods and services that vary considerably in terms of their attributes or intended usage in contrast with the goods manufactured previously by the same firms are termed as 'new products'.
- ✚ It is a difficult task to define a new production it involves novel ideas and offerings which are entirely different and new for the customers.
- ✚ Moreover, the relative view is considered highly useful in defining a new product for the firms time, may identify opportunities or problems for consideration.

ACCORDING TO MUSSELMAN AND JACKSON” A product is said to be a new product when it serves an entirely new function or makes a major improvement in a present function”.

3.1 NEED FOR NEW PRODUCT DEVELOPMENT:

The organizations which are aiming at advanced levels of growth have to consider the following points:

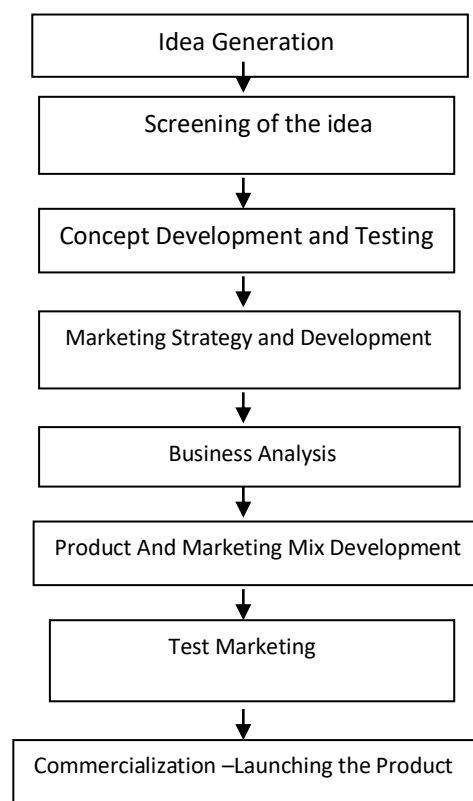
- a. **MEETING CHANGES IN CONSUMER DEMAND:** Change is a universal phenomenon in today's time of science and technology.
- b. **MAKING NEW PROFITS:** Manufacturing new products is important for earning profits; since existing products have less scope for enhancing profit levels, while new products have less scope for it.
- c. **HANDLING THE ENVIRONMENTAL THREATS:** There are various environmental threats faced by a business organization. One way to handle these threats is to find out a new product which is capable enough to combat against it.
- d. **OTHER NECESSITIES:** The other strategies needs for new product development are as follows:
 - i) New products can provide the organization a source for gaining competitive edge.

ii) They can ensure long-term financial return on the investments made. They also help in optimum utilization of the available resources.

iii) New products make best use of research and development.

4. NEW PRODUCT DEVELOPMENT PROCESS:

New (ideas) product development in an eight step process which involves all the key elements required for developing a product. These steps are beneficial in getting information input and decision-making while developing a new product. Other than this, market research also plays a crucial role in the process. The process of new product development is as follows.



New Product Development Process

- a. **IDEA GENERATION:** The most vital and first step of new product development is gathering and evaluating new ideas to reach the potential product options.
- b. **SCREENING OF THE IDEA:** In the step, all the ideas generated in the first step are analyzed and the best possible one is selected for new

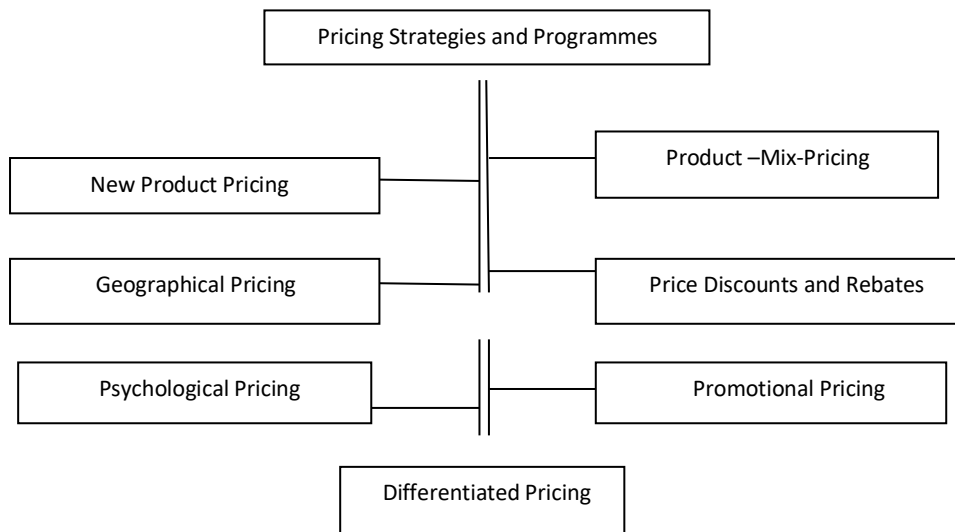
product development working on non-feasible ideas may be costly and risky for an organization.

- c. **CONCEPT DEVELOPING AND TESTING:** Once the marketer has finalized few ideas, he initiates towards the attainment of initial feedback from the customers, its employees and distribution.
- d. **MARKETING STRATEGY AND DEVELOPMENT:** After concept testing a primary marketing strategy plan is developed. A marketing strategy used to launch the product idea in the market
- e. **BUSINESS ANALYSIS:** In this stage, the large numbers of ideas are condensed to one or two ideas, by the marketers. During this stage, market research is used extensively to analyze the viability of product ideas (In many situations, a product remains only an idea, if not found viable).
- f. **PRODUCT AND MARKETING MIX DEVELOPMENT:** prototype of the product is produced at this stage. Before launching the prototype in the market, it must clear all the tests and then finally the product is offered to the target audience.
- g. **TEST MARKETING:** The word 'test' refers to examination or trial. Test marketing is defined as the process of testing a product before it is commercialized in the market at large scale. Here, the test marketing is also known as field –testing.
- h. **COMMERCIALISATION –LAUNCHING THE PRODUCT/SERVICE:** Once the product passes the test marketing stage, then the product goes for national launch. However, few factors are considered before finally launching the product in the market such as time and place of launching, whether it will be launched nationally or regionally, how it will be launched etc.

4. DEVELOPING PRICING STRATEGIES & PROGRAMMES:

Firms generally prefer to specific pricing structure, indicating various variables over a single price. Therefore, after deciding the method of pricing, the requisite price of the specific goods or services is finalized with the help of various pricing policies or customized pricing approaches.

These include differential pricing, geographical pricing, promotional pricing, product-mix pricing, psychological pricing, new-product pricing and price allowances and discounts. The explanation of these pricing strategies is given below:



A. NEW PRODUCT PRICING: New product pricing involves critical decision making lot of variability is involved in the pricing of new product. The level of newness of the product determines the level of difficulty involved in its pricing.

1. **PRICING SKIMMING:** Price skimming can be defined as a product pricing strategy where a consumer will pay the highly initial price demanded by a firm.

2. **PENTRATION PRICING:** It is a strategy used to enter the market at the initial level by offerings the products at quite low prices. This gradually helps in expanding the market.

B. PRODUCT – MIX PRICING: A relatively different pricing strategy should be utilities for pricing products, which are a part of the product mix. A combination of prices suitable for the entire mix is selected by the company to ensure the increased revenues.

1. **PRODUCT –LINE PRICING:** Generally, product lines are launched by the organizations, in place of single products is also designed according to the product like.

2. **OPTIONAL-PRODUCT PRICING:** Besides the main product, a firm can also supply alternative or subsidiary products, added traits and many more services.
3. **CAPTIVE – PRODUCT PRICING:** The use of certain types of products is incomplete without a captive or supplementary product. For example, razors producing companies maintain low prices of razors, but increase the cost of razor blades to retrieve the cost price of razors. Similarly, producers of cameras increase the cost of films and keep the price of camera low.
4. **TWO-PART PRICING:** A pricing strategy, consisting of two separate parts including a fixed and a fluctuating charge (based on usage of the product), is frequently used by service providing firm.
5. **BY-PRODUCT PRICING:** In any production process (like production of chemicals, petroleum products, or meat), along with the main product, there are some side products which are developed.
6. **PRODUCT BUNDLING PRICING:** Generally a ‘package’ of products and attributes associated with those products are offered by the firm when a company sells products only in the form of packages or bundles. It is called ‘pure bundles’.
7. **PREMIUM PRICING:** A company uses premium pricing for its different alternative products (having heterogeneous demand), which are developed through joint economies of scale.
8. **IMAGE PRICING:** Image pricing is used in case of customers being able to understand the quality of a product by observing the cost of substitute models or products offered by the competitors.

C.GEOGRAPHICAL PRICING: Under the geographical pricing technique, a company adopts different strategies to enter different markets at the same time, for the sake of maintaining economies of scale. Payment mode is a matter of concern for this pricing strategy. This becomes critical when customers do not carry adequate amount of cash to pay-off their expenses. Generally, consumers seek to exchange other items against the one purchased by them. It is called as ‘**COUNTER TRADING.**’

There are various types of counter trading:

1. **BARTER:** Exchanging goods without using money and any intermediary is called 'BARTER SYSTEM'.

2. **COMPENSATION DEAL:** Here out of the total amount payable to the seller, a certain amount is paid in cash and the remainder is paid through any item.

3. **BUYBACK ARRANGMENT:** In this type, in exchange to the supplied plant, machinery, technology or equipment to a foreign country, a seller receives products manufactured with the help of those equipment or machinery as partial payment and the remainder through cash.

D.PRICE DISCOUNTS AND REBATES: The concepts of giving discounts or products or services can be a beneficial plan of action to counteract the competitions environment. Discounting, through being a segment of the marketing plan, should be diligently managed and formulated to avoid any risk. Discounting is a regular event in several companies which makes the usual catalogue or price lists almost insignificant.

1. **QUANTITY DISCOUNTS:** A purchaser is said to get a 'quantify discount' when he/she acquires many units of an item (or buys more than a particular amount) and the price charged is comparatively lower.

2. **CASH DISCOUNTS:** When a consumer, a marketing intermediate or any organizational buyer, is given a discount on price, for immediately paying the bill for the goods purchased, it is called 'Cash discount'.

3. **FUNCTIONAL DISCOUNTS:** Functional discounts are the discounts given to distribution channel intermediaries like wholesalers or retailers which carry out certain task or activity beneficial for the manufacture. It is a discount provided for compensating the task or activity performed by the intermediaries.

4. **SEASONAL DISCOUNTS:** Seasonal discounts are the discounts provided to buyers for buying off-season products.

5. **PROMOTIONAL ALLOWANCE:** When a dealer is paid for promoting or advertising the products of a producer it is called as 'promotional or trade allowance'

6. **ZERO-PERFECT FINANCING:** Demand for new cars and automobiles decreased during the mid and end phase of the year 2000.

E.PSYCHOLOGICAL PRICING: Pricing of a product creates an opinion about the product. Psychological pricing is a technique used to establish a price structure which will draw the customer's attention. Price is not the only factor to determine the quality of a product, when the customers can analyze and determine it by previous information or by inspecting it personally.

1. **ODD-EVEN PRICING:** The price of the product ending with an odd or even digit is termed as 'odd-even pricing'.
2. **REFERENCE PRICING:** The pricing of a product is formulated on the basis of comments and references of the customers.
3. **PRESTIGE PRICING:** Creating an image of quality products, by offering high priced items, is called '**PRESTIGE PRICING**'.

F.PROMOTIONAL PRICING: Various forms of promotional pricing are utilized by organizations. Supermarkets and departmental stores come up with strategies, where certain products are offered and purchased not only those products but also other products with normal price range.

1. **LOSS LEADER STRATEGY:** When a retailer slashes down the prices of products offered by very popular brand to induce consumers to visit the outlet, it is called as '**LOSS LEADER STRATEGY**'.
2. **SPECIAL –EVENT PRICING:** Sellers design attractive prices for different commodities in a particular season, which improves their sales.
3. **CASH REBATES:** Cash rebates are often given by companies selling consumer goods or automotive companies to inspire customers to buy more products within a given time period to increase the sales of goods offered by such companies.
4. **LOW-INTEREST FINANCING:** Low-interest financing schemes are made available to include customers to invest and purchase more products.
5. **LONGER-PAYMENT TERMS:** Sellers like automobile companies and financial institutions, extend the duration of the payment for loan taken by the customers, which ultimately reduces the monthly instead for customers.
6. **WARRANTIES AND SERVICE CONTRACTS:** Majority of companies provided warranty and service contracts with the purchased product offering these benefits free or by charging low-prices, is very helpful in promoting sales.

7. PSYCHOLOGICAL DISCOUNTING: Originally fixing the price of a product above its normal (stage) range and eventually offering the same product at considerably reduced rates, is called as ‘**PSYCHOLOGICAL DISCOUNTING**’.

G.DIFFERENTIATED PRICING:A firm offering the same product with different prices through various market segments is said to use ‘differential pricing stream. The firm resumes that each market segment has a distinct search cost structure as well as perceived value of the product there is no-communication between different market segments.

It can also be said that a firm is inspired to use this strategy due to significant diversity in the market.

5.DESIGNING AND MANAGING INTEGRATED MAREKITNG COMMUNICATION (IMC):

When all marketing practices, resources and tools are used (for an organization) in an integrated manner to effect the minds of customers at maximum level along with maximizing the organizational profit at minimum cost, it is called

INTEGRATED MARKETING COMMUNICATION. In general, marketing begins with “**MARKETING MIX**”. Marketing Communication or promotion is one of the elements of marketing mix. Advertising using different media, personal selling, sales promotions (sales and trade promotion), sponsorship marketing, database marketing, public relation, direct marketing and internet marketing are the activities included in promotion.

ACCORDING TO AMERICAN ASSOCIATION OF ADVERTISING AGENCIES, “IMC is a concept of marketing communication planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication discipline.

5.1 OBJECTIVES OF IMC

1. TO CREATE BRAND EQUITY: Creating brand equity through developing global brand as well as effective corporate image is one of the main objectives of IMC.

2. **TO PROVIDE INFORMATION:** Along with having objectives of creating brand quality, **IMC** is also focused towards other objectives. One such objective is to provide useful information to consumers as well as organizational buyers.

3. **TO INFLUENCE CONSUMER CHOICES:** Another objectives of **IMC** is to influence the consumer choices. It acts like a guide or consul for market customers and makes them use their dominance power (king of the market) in the most effective way.

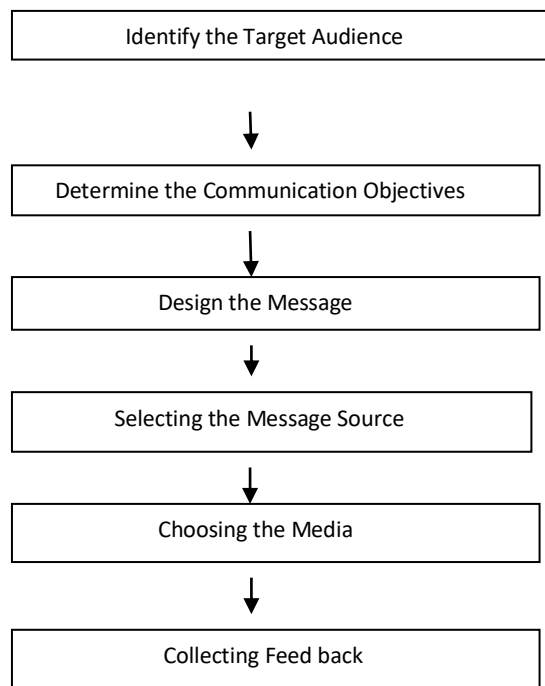
4. **TO DIFFERENTIATE PRODUCT:** Differentiating the organization product with that of the competitors is another important objective of **IMC**.

5. **TO POSITION PRODUCTS/BRANDS:** Along with differentiating the product, positioning the product/ brand is also an important objective of **IMC**

5.2 IMC PROCESS: The marketer must follow specific steps for developing the message so as to attain the desired results through **IMC**. The message so as to attain the desired results through **IMC**. The **IMC** process involves the following steps. They are

1. **IDENTIFY THE TARGET AUDIENCE:** The marketer must clearly identify their target audience. The target audience be existing customers or potential customers. They are the ones who make and influence the buying decisions.

2. **DETERMINE THE COMMUNICATION OBJECTIVES:** The main aim of any marketer is to achieve his communication objectives. Marketing communication helps the marketer to take buyers through these stages and induce them purchase and re-purchase.



3. **DESIGN THE MESSAGE:** After determining the communication objectives, the next step of marketing communicator is to design an effective message for the target audience.

i) **MESSAGE CONTENT:** The marketer must decide a theme or appeal to achieve the desired results. Following are the types of appeal.

a) **RATION APPEAL:** This type of message appeal communicates with the interests of target audience and claims to fulfill the benefits derived from the product, e.g., quality, value, performance, economy, etc.

b) **EMOTIONAL APPEAL:** These appeals aim at inducing either positive or negative emotions that will stimulate the buyers to take the buying decision, e.g., fear, pride, guilt, love, shame, joy and humor appeal.

c) **MORAL APPEAL:** These appeals arouse the moral sense of the target audiences of what is right and what is wrong.

II) **MESSAGE STRUCTURE:** Structure decides the way in which the message will be delivered.

4. **SELECTING THE MESSAGE SOURCE:** The source from where the message is being delivered is known as message source. It can be the company, the brand, a celebrity or a salesperson.

5. **CHOOSING THE MEDIA:** In this step, the channels of communication are decided. The two broad channels of communication are explained below.

i) **PERSONAL COMMUNICATION CHANNEL:** Personal communicational channels are considered as the most effective way of communicating with the audience.

ii) **NON-PERSONAL COMMUNICATION CHANNEL:** In this channel, there is no personal content between the marketer and the audience. The communication is held through television, radio, posters, billboard, etc.

6. **COLLECTING FEEDBACK:** Once the message has been sent, there is a need to assess its impact on the target audience.

CASE STUDY

1. Back in October 2015, KFC used mobile location technology to tempt consumers into its restaurants and away from competitors in a campaign to promote its new burrito food range.



Case study summary

- Fast food chain uses location tech to target Smartphone users near stores
- KFC found that the most receptive demographic to location-based targeting were busy parents with families

- Drove a click through rate 40 per cent above the industry benchmark

THE CHALLENGE

As mobile ad targeting technology gets ever-more sophisticated, KFC wanted to find ways to drive footfall into their stores by reaching local passers by on their smart phones.

THE SOLUTION

The fast food brand used the technology to drive nearby consumers into KFC stores through proximity targeting and conquest ads at competitor locations.

KFC worked with xAd to target consumers to identify and reach the relevant target audience for the brand. Blue449 acted as media agency.

The fast food chain found that the most receptive demographic to location-based targeting were busy parents with families and this insight drove KFC to tailor its campaign for this segment with dynamic creative which showed the distance to the nearest store.

Jenny Packwood, head of digital, PR & brand communications at KFC, said: "Our target audience tends to be young adults and busy families who are becoming more and more reliant on their mobile devices to make their lives easier. Leveraging the most accurate location technology helps us reach our audience at the right place and at the right time with offers that are relevant to them."

THE RESULT

The three month-long campaign launched in March 2015 and KFC said that in addition to an uplift in store visitation, the campaign showed that engaging with customers nearby KFC stores drove a click through rate 40 per cent above the industry benchmark.

Theo Theodorou, head of EMEA at xAd, added: “The quick service restaurant market is a competitive one with restaurants battling it out to convert hungry and time sensitive customers. When it comes to sensing consumer appetite at the right time and in the right place, chains like KFC need to be increasingly innovative to engage their audience. Location data holds the power to deliver more personalized customer experiences. The better the understanding an advertiser has of the customer’s profile, in addition to their context, the more relevant they can be when targeting the individual.”

UNIT-3 IMPORTANT QUESTIONS

1. How can companies differentiate products?
2. When and how should company’s initiate price changes?
3. How the services are designed and managed?
4. Explain the process of introducing new offerings into the market?
5. Give an overview about setting product strategy?

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