

BALAJI INSTITUTE OF I.T AND MANAGEMENT KADAPA

MARKETING MANAGEMENT (17E00202)

ICET CODE: BIMK

1st Internal Exam Syllabus

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Units covered : **1 to 2.5 Units (1st Internal Syllabus)**

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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 Asian Edition Paul Baines Chris Fill Kelly page, Oxford.
- Marketing Management 22e, Arun Kuar, Menakshi, Vikas publishing .
- 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.
- Marketing – concepts and Cases, Etzel, Walker, Stanton, Pandit, TMH.
- Introduction to Marketing theory and practice, Adrian Palmer , Oxford University Press

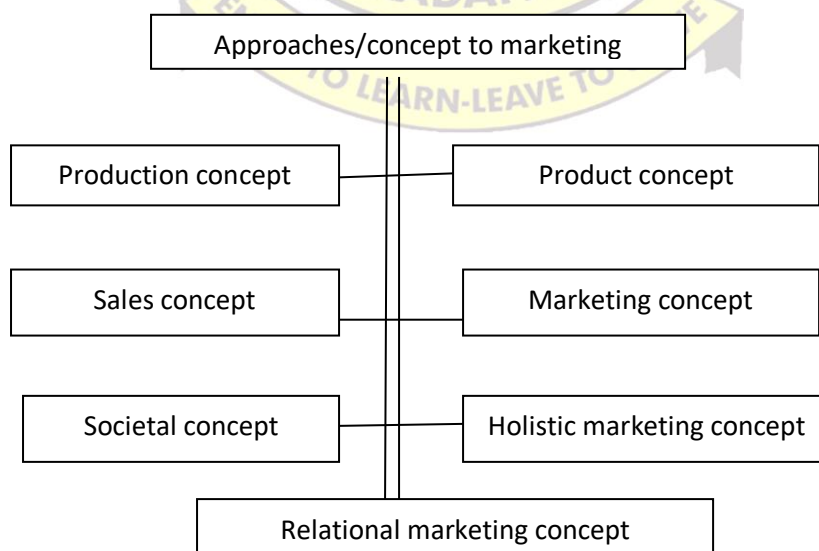
UNIT-I

UNDERSTANDING MARKETING MANAGEMENT

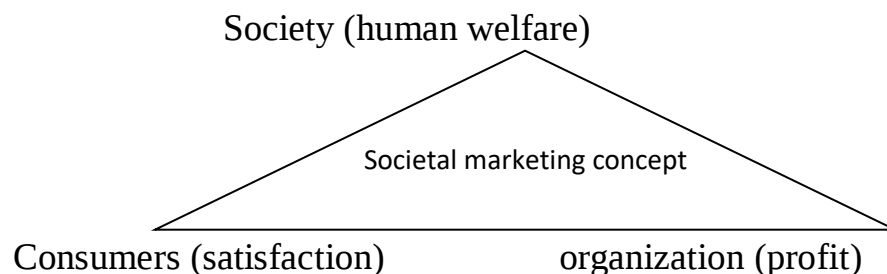
1. CONCEPTS & DEFINITION OF MARKETING: Market is defined as a group of individuals or organizations that is interested in purchasing products and services, is capable of doing it, and is having permissions of law of purchase that product.

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.
 - ii) Buy products of some brand and product line in large quantities.
 - 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, brands, channels, or customer's groups. It is essential for each organization to develop a marketing plan in order to achieve its organizational development.

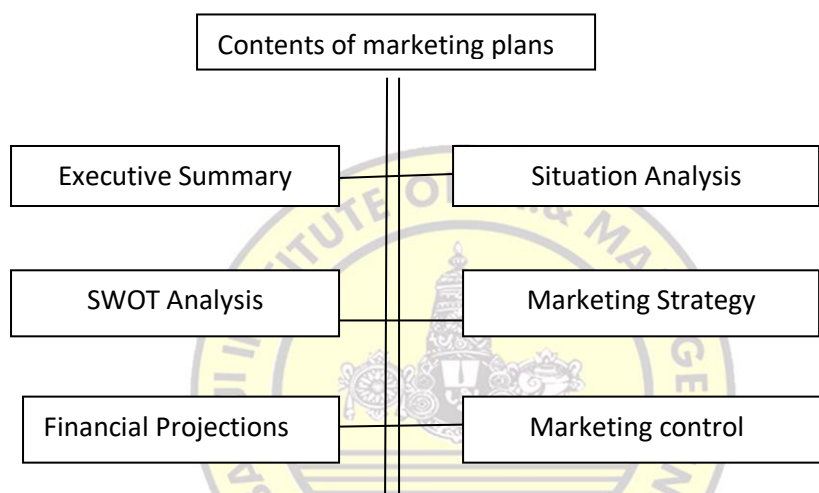
2.3.1 NATURE OF MARKETING PLAN:

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:



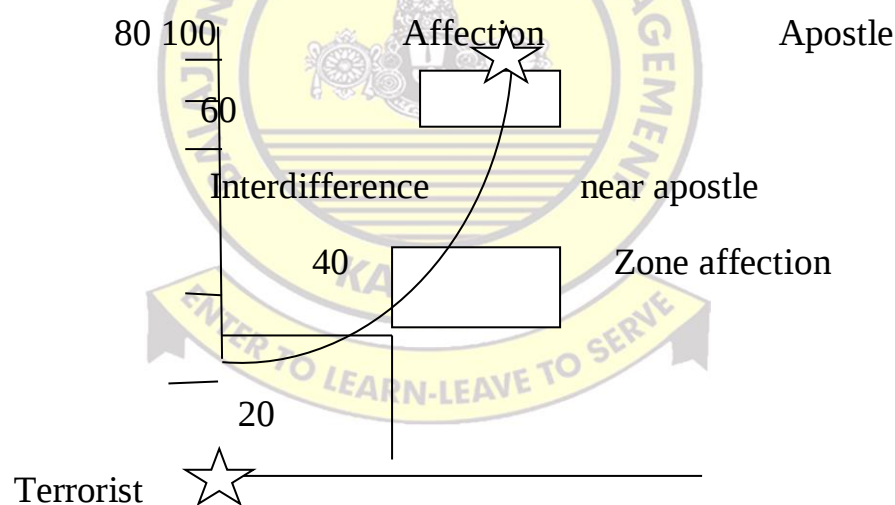
- a. **EXECUTIVE SUMMARY:** The first component of marketing plan is the executive summary. Executive summary is the first or the last content of the marketing plan.
- b. **SITUATION ANALYSIS:** Situation Analysis is an outline of all the relevant information related to three key environments i.e., internal 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. **FINANICAL 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 virtual 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):

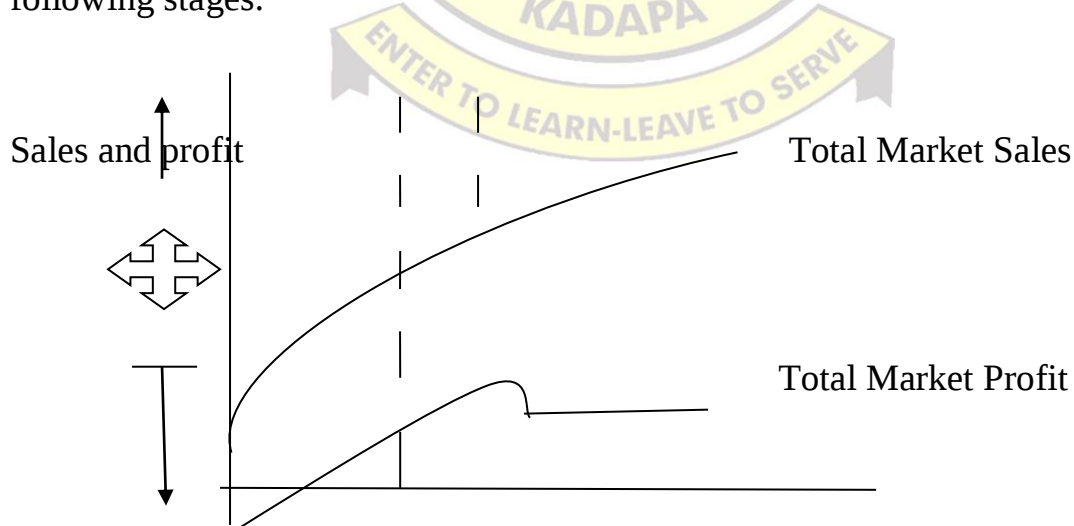
INTRODUCTION:- All the products has a particular desertion of life similar to human beings as human has different stages of life like birth, growth aging, and death), product also passes through several definite stages which can be easily identification by markets right from the time of concept general 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 expenciencies 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 and may describe due to enhanced competition.
- d. **DECLINE:** This stage is marked by sales going down 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 yardstick 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 costs 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 SLIMMING 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 four 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 says and 'what it does' are the two main sources of competitor's strategy following points highlight what the competitor says about the strategy.
 - Managerial statements
 - annual shareholder reports
 - press releases, and
 - interviews with analysts
- e. **COMPETITOR'S RESOURCES AND CAPABILITIES:** - The resources and capabilities of a competitor define its ability to 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 marketing decisions. Marketing research is known as marketing research problems related with marketing of products and services are systematically studied under this process. Marketing research is not limited to just a 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.

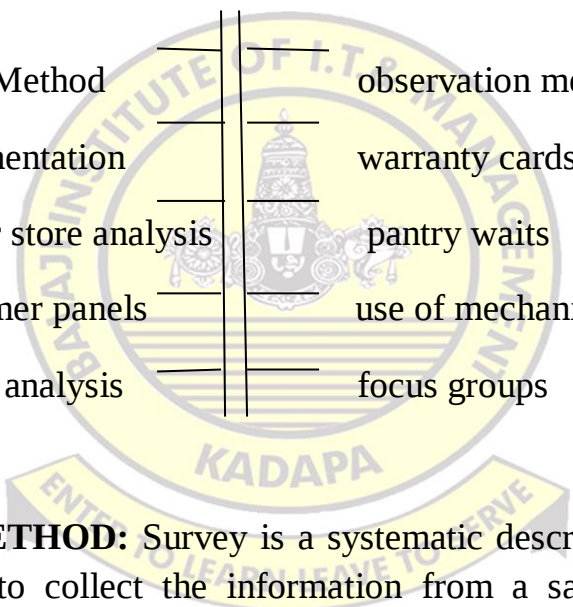
5. **DETERMINING SAMPLE DESGIN:** As soon as the design of research is selected the next task is to select the sample design sample gets a problem for effective data collection and analysis.
6. **COLLECTING THE DATA:** After finalizing the sample in the previous step the required data is collected from 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

- 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.
- 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.
- QUESTIMAINE 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 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 analysis 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. **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 now 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. **ENCHASED 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 different 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 PERCEIVED 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 organization 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 interrelated and can be used individually or in combined form 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 as targeting the existing or new customers. This can be stated in 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 competition.
- c. **What will we do:** some particular tactics or programmes addressed which are to be implemented for the effective execution of basic strategy. In fact, it mainly involves defining 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 of 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 obsolescence 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 of 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:

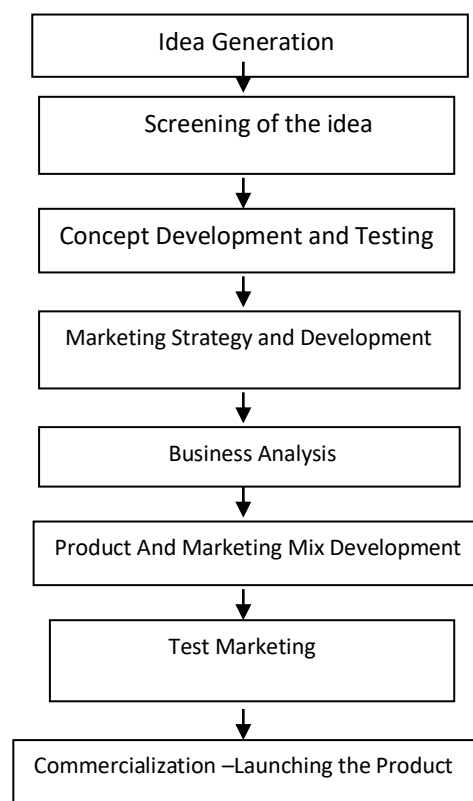
- a. **MEETING CHANGES IN CONSUMER DEMAND:** Change is a universal phenomenon in today's time of science and technology.
- b. **MAKING NEW PROFITS:** Manufacturing new products is important for earning profits; since existing products have less scope for enhancing profit levels, while new products have 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 needed 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

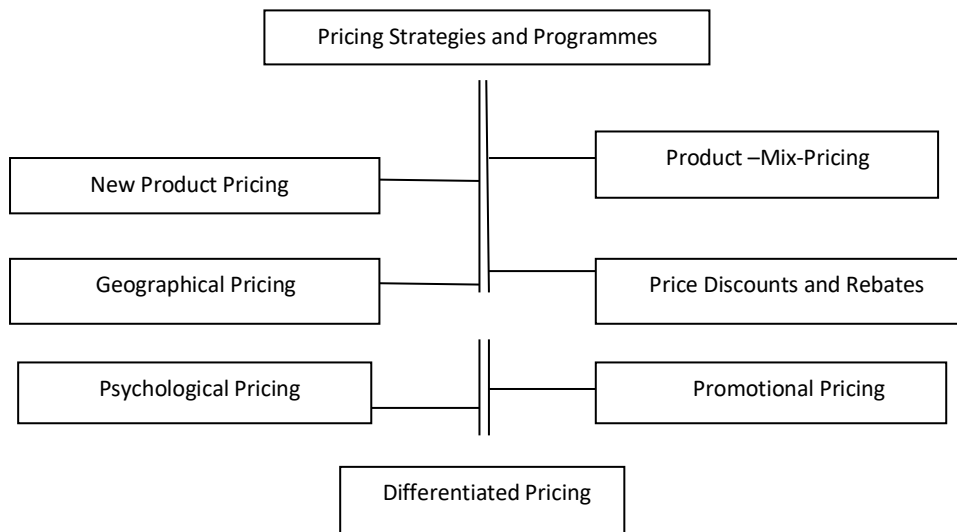
product development working on non-feasible ideas may be costly and risky for an organization.

- 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.

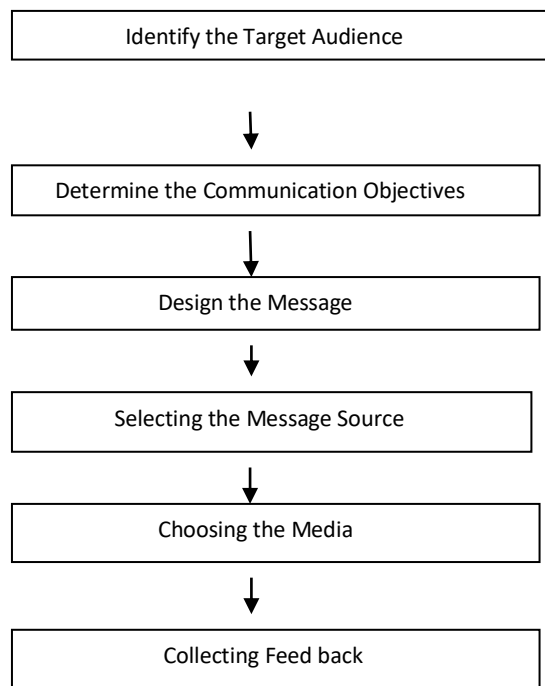
4. **TO DIFFERENTIATE PRODUCT:** Differentiating the organization product with that of the competitors is another important objective of **IMC**.

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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MARKETING MANAGEMENT (17E00202)

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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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6. ADVERTISING:

Introduction:

A promotional tool, which stimulates the prospective customers to take or continue a particular decision, with the help of a commercial offering, is called **Advertising**. The title 'Advertising' is taken from a Latin word '**advertere**' meaning 'to turn around'. The advertisements are capable of diverting the attention of the viewers, listeners, readers or the onlookers towards a particular brand, product, service or an idea. Thus, any piece of information that diverts the attention of the target customers towards a brand/product/ /service/idea can be called Advertising.

According to American Marketing Association, "Advertising is any paid form of non personal presentation of Ideas, goods or services by an unidentified sponsor."

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

Objectives of Advertising:

Following are the main objectives of advertising:

- 1. To Inform:** Providing product information is the key purpose of advertising.
- 2. To Influence:** Sometimes, informing target customers about products and services does not generate required results. So organisation start using advertising to influence the consumers to buy their offerings.
- 3. To Remind:** Reminding the customers about offered products and services, is also an objective of advertising.
- 4. To add Value:** Advertising aims at presenting the product or service to the audience in a positive light, to so as to add value to the organisation's brand.
- 5. To Assist in other Company Activities:** Apart from the above objectives, advertising also aims at aiding other activities like informing the customers regarding sales promotion offers like discounts and gift cards.

7. SALES PROMOTION:

Sales promotion is very important component of the marketing, especially the Promotion mix. In actual, it acts like an instant stimulus for prospective

buyers. It focuses on encouraging the potential customers/retailers to buy the products or services of an organisation, by enhancing its value.

Sales promotion helps in increasing sales for short term period however, it is not helpful enough to generate long-term customer loyalty. It is designed for potential customers, for distribution channels and also for sales force of the organisation.

According to William J.Stanton, “Sales promotion is an exercise in information, persuasion and influence.”

1. The approach of sales promotion may be personal as well as impersonal. As sales promotion are designed to enhance the sales, it can be done via direct as well as indirect approaches.
2. Promoting an increase in sales, through adding values in the products and services, is the basic objective of sales promotion.
3. Sales promotion schemes or plans are generated for a specific time period, so as to enhance the sales in that particular time. Therefore, these schemes may be beneficial for short term only.
4. Sales promotion is not possible without offering extra value or any incentive to customers, retailers or channel intermediates .
5. Not only the end users of product, but retailers and salesmen are also targeted for sales promotions.
6. Sales promotions program is designed occasionally by organisations to deal with poor sales. It is not frequently and regularly implemented.
7. Sales promotion is a costly method because incentives given (such as a free samples, extra discounts, free gifts, off-season discount ,etc) to offer value to customers, cost a lot to the organisation.
8. In case, the approach of sales promotion is personal, effective feedback can be generated.

8. EVENTS AND EXPERIENCES:

Introduction:

Any public assembly which is organised for the celebration, education, marketing or reunion is termed as Event. In the Universal and accurate form, an event is an occasion when some activities are arranged or needed to be organised. Customers can be contacted by using events and experiences as they act as good opportunities for creating a brand and improving sales.

Occurrences which involve the different activities that are designed to convey some special messages to the target audiences are known as Events. In fact, any live multimedia package organised and arranged with predefined concepts is termed as an event, and these are mainly formed to accomplish the clients objectives of contacting and affecting a certain target customers through an enjoyable and sensory experience having some chances of live interaction. In case of experiential marketing, these events play a role of marketing offers.

TYPES OF EVENTS:

The different types of events can be classified as below on the basis of their nature:

1. Sporting :

As suggested by the title, these events involve some kind of sport. Olympics, FIFA, DLF- IPL, ICC Cricket World Cup, etc., are typical examples of these types of events.

2. Culture , Arts And Entertainment:

Larger audiences can be attracted with the help of entertainment events. In some special events, the financial viability of some concerns is quite good.

3. Commercial Marketing And Promotional Events:

High budget and high profiles are normally associated with the promotional events.

4. Meetings And Exhibitions:

These type of events involves organizing exhibitions and meetings among business professionals. There is a lot of competition in the meetings and conventions industry.

5. Festivals:

The popularity of wine and food festival is increasing rapidly and it facilitates a chance for a certain region to exhibit its products. This category also includes religious festivals.

6. Family:

The chances for family gatherings can be facilitated with the help of family events such as weddings, anniversaries, bars mitznahs, and now a days divorces and funerals.

7. Fund-Raising:

Enthusiastic local committees arrange fairs which are quite common in most of the communities. Even a lot of efforts are required to arrange these sports of events as they are normally not given in the due importance.

8 Live show:

This type of event involves live performances of famous artists. An extraordinary event management skill is required while arranging the events such as Justin Bieber or Ricky Martin shows.

9. MANAGING DIGITAL COMMUNICATION: ONLINE, SOCIAL MEDIA & MOBILE, PERSONAL SELLING**Introduction**

Digital communication or promotion can be seen as the manner in which the company, product or service are presented to the customers. This can also improve the product demand. On one hand, it consists of advertising as a part of the promotional strategy, and on the other, publicity, Public Relations and sales are also included in it.

These promotions can also be conducted online with the help of press releases, offering a free information product, initiating an e-mail campaign, sales efforts etc. but these can also be performed offline. The efforts which are initiated having an objective of improving or enhancing the organisational image will improve sales or can attract the customers towards the organisational name in order to make the potential customer and integral part of the promotion.

9.1 ONLINE MARKETING

E- Marketing is a process of promoting products and services over the internet. It is the latest form of direct marketing, which is also known as Interactive/ Virtual/ Internet or online marketing. The use of internet has drastically changed the way marketers deal with their customers as well as the customers perception.

Internet connects customers to all types of marketers on global level and hence provides huge pool of information. This has largely altered the perception of customers towards convenience, price, product information, time and services. E-Marketing has established an advanced way of marketers to create customer value and enhance customer relationships.

Techniques of Online Marketing:

The Different techniques or methods of E-Marketing are explained as follows:

1.e-mail marketing: Sending advertisements, promotional brochures or

commercial messages on email is termed as email marketing. There are number of people online and they are increasing substantially every year. They mainly use internet for sending and receiving messages through emails. This is the reason why in Marketing Communicators are adopting email marketing for advertising purposes.

2. Web Blogs Marketing: Blogs are web pages on which people post their personal views on experiences regarding an issue, product or service

3. Article Marketing: In this type of online marketing, an article is written by an individual or a company based on a particular industry like fashion, film, food etc.,

4. Viral Marketing: These are the internet based marketing campaigns which are held to promote a new products and services with the help of blogs, websites or social networking portals.

5. Buzz Marketing: Buzz marketing is very similar to Viral marketing , as both of them are used to promote new products and services.

6. Display or banner ads: Display or banner ads are the most popular form of advertising. These internet based banner ads are very similar to the Still print ads published in newspapers and magazines. These ads are small in size and static in nature which are usually placed on the websites which are most visited on the Internet.

7. Rich Media Advertising: With advanced communication Technologies, desktop computers have also become more powerful, with high speed of Transmission and less technical issues.

8. Forum Marketing: Forum is a common place where people from all around the world assemble and discussed over their issues, plans and strategies.

9. Search Engine Optimisation (SEO) marketing: According to the interactive advertising community, a company's presence on Google holds a great significance. but simply registering on Google is not enough until SEO is enabled.

9.2. SOCIAL MEDIA MARKETING:

Social media marketing is a part of online marketing which utilizes social media websites as its marketing tool. Its main goal is to increase brand exposure, broaden customer reach and to convey the information about different products and brand. For this purpose, various social media websites are used such as YouTube, My space, Digg, Facebook, Twitter and Flickr. The products offered by the company and the objectives of SMM campaigns decide which social

medium is most suitable for a particular target audience. Commonly, most of the social media campaigns are launched to create brand Awareness, to increase brand feedbacks and discussions whereas there are some campaigns which only focus on selling product and services.

Process of Creating a Social Media Campaign:

A Social media campaign is a co-ordinated marketing effort to reinforce or assist with a business goal using one or more social media platforms (like social networks, blogs and other interactive media). Campaigns differ from everyday social media efforts because of their increased focus, targeting and measurability.

A Social media campaign is created in following steps:

1. **Situation Analysis:** The situation analysis details the current problem or opportunity the organisation faces. It will typically include a social media audit. In addition to the standard things marketers need to know, the social media audit ensures the team understands the brand's experience in social media.
2. **Determining Objectives:** The next step in social media campaign planning is determining the organisational objectives according to the information collected through situation analysis.
3. **Profiling the Target Audience:** Social media marketing plans, like any marketing plan, must target the desired audience in a meaningful and relevant manner.
4. **Selecting Social Media Channels and Vehicles:** Once the organisation understands who it wants to reach, it is time to select the best social media mix to accomplish this.
5. **Creating a Campaign Strategy:** Message strategy refers to the creative approach marketers will use throughout the campaign. This should flow from the brands positioning statement - A single written statement that encapsulates the position the brand wishes to hold in the minds of its target audience.
6. **Launching the Campaign:** The next step after developing message strategy is to launch the campaign using other promotional tools. A suitable social media channel is used for launching the campaign.
7. **Tracking and Monitoring the Campaign:** Once a campaign is up and running, determining a return on time and money invested is the obvious next step for any social media marketing effort.

9.3. MOBILE MARKETING

Mobile marketing is defined as a way of marketing products and services using a mobile device. This involves communicating with the customers by sending them simple text messages, enabling them to visit mobile websites or familiarizing them with new marketing campaign.

Mobile Marketing can be viewed from two perspectives.

Firstly, It is the most common means of marketing a product via mobile phone using SMS marketing and

Secondly, it can be defined as marketing of products using movable technologies like moving billboards or technology-based movable and road shows.

Strategic Drivers of Mobile Marketing:

The strategic drivers of mobile marketing are

1. Context: The user's situation from which the contact is made-time, Place, device (desktop or mobile).

a) Localisation: The physical location from which the users is making contact.

b) Personalization: The relevant content- a coupon for the store in the mall that the user is passing at the moment.

2. Growth of social networks: The social networks which are available on mobile devices and make it easy to communicate, share and shop.

3. Time sensitivity: The time at which contact is being made- the coupon should be offered when the user is near the store, not before or after.

4. High Value: The value of the content to the user- the coupon must be of sufficient value to cause the user to consider entering the store and redeeming it.

5. Voice activation: The user should be able to activate the device without having to use the keyboard in applications like on board automobile systems.

6. One click payment: These types of payment are onerous in desktop applications, much less small mobile keyboards and screens. payment mechanism should be specified in advance and Stored for later use.

7. Security: Security must be strong and apparent to the user in order to create trust worthy systems.

8. Privacy: The privacy opportunities for capture of data (GPS data, for example) are even greater with mobile systems and protection of user privacy becomes even more important.

9. Expanded Permission Marketing: It is no longer sufficient to ask if the marketer may capture and use data. It becomes imperative to ask how the user wants to be contacted, how often, and for what reason.

9.4. PERSONAL SELLING

Introduction

Personal selling can be defined as the direct and face-to-face communication between seller and buyer, in which the seller provides information about the firm and its products to the buyer so that he or she can make the decision about purchase. It is a two-way communication, allowing the buyers to actively participate in the communication process.

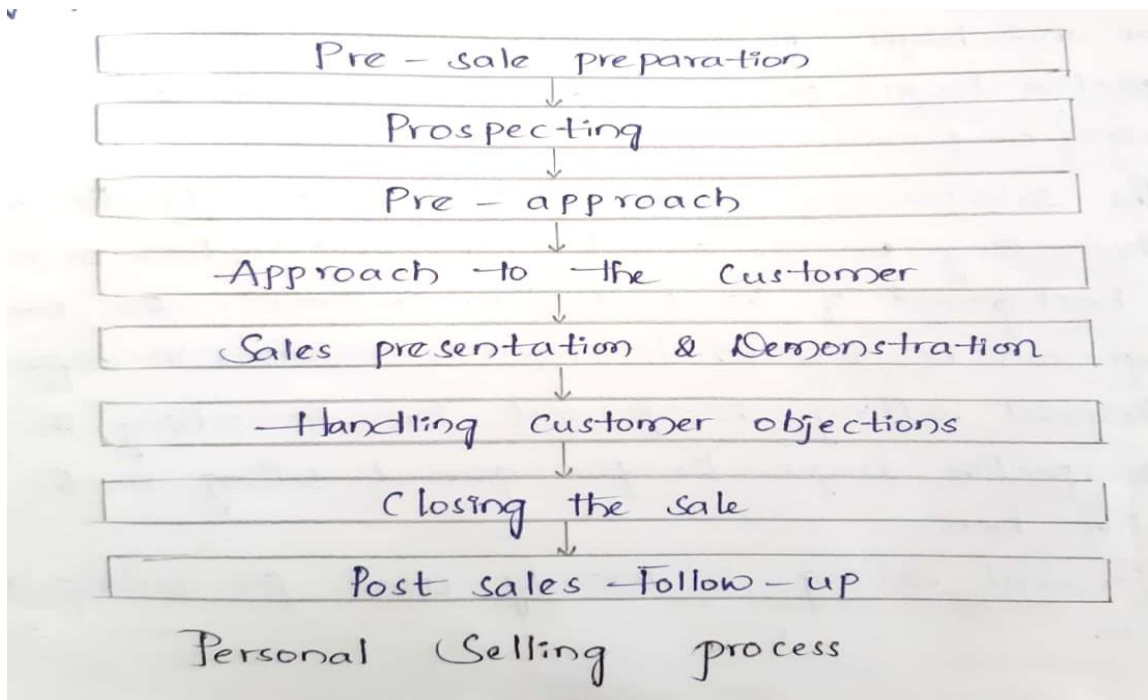
According to American Marketing Association, “Personal selling is oral presentation in a conversation with one or more prospective purchasers for the purpose of making sales”.

1. As a direct contact between seller and buyer is made in personal selling, it is a type of **personal communication**.
2. As personal selling involves selling a particular product to an individual personally and no mass media is required here, it is a type of **individual communication**.
3. As personal selling involves direct interaction between the seller and buyer, it is possible to get immediate feedback. Prospective buyers can easily ask the salesman about their queries/ confusions.
4. The salesperson is free to alter or modify the message of the selling process, according to the situation or requirement and background of the prospective customer. The same message can be delivered to different customers in different ways.
5. Personal selling is focused towards selling the product to prospective buyer. Therefore product selling is the main objective here.
6. Personal selling is mainly used for selling industrial goods.
7. As personal selling involves interacting with different customers individually, cost per audience is more here.
8. As every individual is contacted personally by the salesperson to convey the message, that spread speed of the message in personal selling is very low.

Personal Selling Process:

Personal selling is the systematic process through which the salesperson closes a sale. It starts with identifying the prospects, approaching them, presenting the

products and services to them ,handling their objectives, closing the sales and finally ends with following up the customers. The steps in the personal selling process are described below.



1. **Pre-sale Preparation:** It is the first step in personal selling process. Here the sales personnel try to acquire the background knowledge about customers and their needs and wants.
2. **Prospecting:** The next step in personal selling is prospecting. It is concerned with the identification of potential customers. Potential customers are those who have a need, have the purchasing power and or willing to pay
3. **Pre-approach:** The next step in the personal selling process is pre-approach. In this step, sales personnel collect the information regarding the prospects likes, dislikes, economic status etc., This information can be useful for preparing the salespersons to prepare a plan for their visits and presentations to the prospect.
4. **Approach to the customer:** When the salesperson meets the prospects face to face, it is called “*approaching to the customer*”. without meeting personally .
5. **Sales presentation Demonstration:** In this stage, sales person present the product in front of the prospect and demonstrate its features and potential benefits. It is a business proposition that is presented to pursue the prospect.

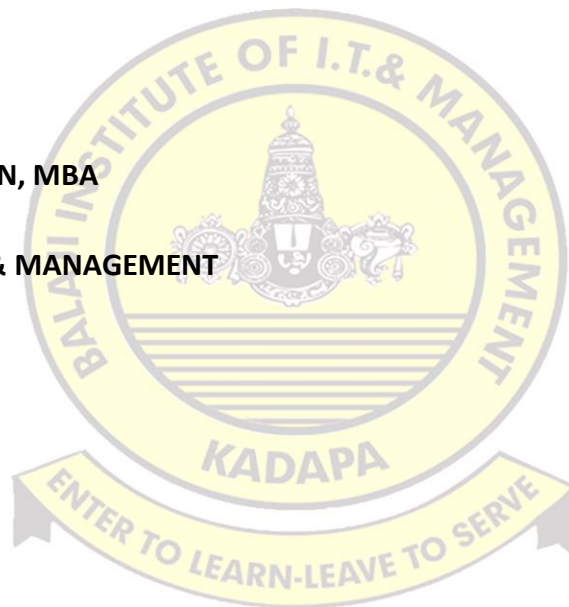
6. **Handling customer objections:** Objections are the queries and doubts of the customers about the product or organisation. sometimes sales personnel misinterpret the objections to be the refusal of offerings, but actually customer asks for additional information. So that he/she can make a buying decision.
7. **Closing the Sales:** At this stage ,the actual sale is realized . It is the outcome of all the efforts put into preparation, prospecting, approaching and presenting. It aims to help customers in making a purchase.
8. **Post Sales follow-up:** Most of the sales personnel believe that the only important thing in the complete selling process is to close a sale, which is not true.

IMPORTANT QUESTIONS:

1. What are the different product lines and approaches in managing the services?
2. What is meant by on-line marketing? Explain its importance in present organization
3. What is meant by pricing? What are the various types of strategies used in pricing decisions?
4. What are the different steps involved in developing and managing an advertising program?
5. Explain the process of introducing new products into the markets.

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UNIT-4

DELIVERING VALUE

1. MANAGING RETAILING:

1.1. INTRODUCTION:

The origin of word retail is related with the French word retailer which means to break the bulk or to cut a piece off. In the process of distribution the products move from the manufacturers to the final customers. Several intermediaries or middlemen are involved in this process and the retailer is the last ones. Retailers directly offer the firms product to the customers and thus link the customers with the manufacturers. They collect feedback from the customers directly and convey it to the manufacturers.

The comprehensive combination of different activities or steps which are used to sell a product or a service to the customer for self or family consumption is termed as retailing. Individual demands of targets customers and supplies of available producers are effectively matched by the retailers.

According to **CUNDIFF AND STILL**, retailing consists of all those activities involved in selling directly to ultimate consumers.

1.2. FUNCTIONS OF RETAILING:

Following are the main functions of retailing

1. **SORTING**: Sorting is one of the main functions in retailing. Producers generally offer large quantities of similar or different products and expect it to be sold in lists to concerned buyers to reduce costs. Whereas customers require variety of products to choose from and buy only in small quantities.
2. **BREAKING BULK**: Another function of retailing is breaking bulk. Big lots of the products are transported by the producers and wholesalers in order to reduce the costs which are then divided into smaller quantities by the retailers so that these products can match with the consumption needs to consumers.
3. **HOLDING STOCK**: Holding stock is a function of retailing which is significant to the producers. In order to support the producers in inventory control and production.

4. **SUPPLEMENTARY SERVICES**: Through variety of services retailers make the buying process simple and convenient and thus ease of process of changing merchandise ownership.
5. **CHANNEL OF COMMUNICATION**: Acting as a channel of communication between producers/wholesalers and the customers is also a function of the retailing. Customers learn a lot about the features traits of a product or service with the help of sales force advertisement and displays.
6. **TRANSPORT AND ADVERTISING SERVICES**: Retailers can also provide assistance to the small manufacturers in advertising storing transporting and pre-payment of goods.

1.3. IMPORTANCE OF RETAILING:

Retailing is important to producer's wholesalers as well as customers which is described below.

1. **IMPORTANCE FOR PRODUCERS AND WHOLESALERS**: Retailers are important to the producers and wholesalers in the following manner.
 - a. **SELLING GOODS**: In order to help the producers as well as the wholesalers retailers sell the products directly to the customers in required quantities.
 - b. **ASSESSING CONSUMERS TASTES AND PREFERENCES**: The producers/wholesalers can collect the information about the customers their taste and preferences with the help of retailers as these retailers are in direct contact with the customers.
 - c. **PROMOTING NEW PRODUCTS**: Retailers help the producers/wholesales in promoting a new product. As they understand the needs and preferences of the consumers it becomes easy for the retailers to promote a new product among the consumers.
2. **IMPORTANCE FOR CONSUMERS**: Retailers are important to the consumers in the following manner.
 - a. **VARIETY OF GOODS**: A large variety of products is stored by the retailers which are produced by the different manufacturers. These products are offered to the customers at a reasonable price.
 - b. **DEMAND CREATION**: Retailers create demand for specific products on behalf of the consumers.

- c. **DISTRIBUTION:** Retailers distribute different products of the producers directly to the customers. They are able to deliver appropriate goods to the concerned customers.
- d. **CREDIT FACILITY:** Retailers offer credit services to the consumers so as to build relations.
- e. **PERSONAL SERVICES:** Deferent additional services like exchange free home delivery after sales services etc., are provided by the retailers to the customers.
- f. **SALE OR APPROVAL:** Retailers provide sale on approval service to the customers. Under this facility the product can be returned to the retailer within the specified time if the product is not approved by the family or if it does not match the requirement of the customers.

2. MANAGING WHOLESALING:

2.1. INTRODUCTION:

A comprehensive process of selling goods and services to the people who buy those goods or services for business use or resale is calling as wholesaling.

A wholesaler is a person who is engaged in the wholesaling activities.

According to **PHILIP KOTLER** wholesaling consists of the sale and all activities in selling goods or services to those who buy for resale or business use.

The working principal of any kind of wholesaler is to generate optimum results for efforts taken. They generally have small margins and are expected to maximize effectiveness of services offered and reduce inaccuracy in operations.

2.2. FUNCTIONS OF WHOLESALERS:

1. **SALES AND PROMOTION:** Wholesalers have their very own sales force. Wholesalers render the services of their sales force to the manufacturers to help them reach several business customers operating at a relatively smaller scale at a reasonable low cost.
2. **BUYING AND ASSORTMENT BUILDING:** A substantial amount of work a customer's does is done by a wholesaler on their behalf by way of choosing the products and preparing a mixed bag of all those products as needed by the customers.

3. **BULK BREAKING**: Wholesalers can save big time for their buyers through purchasing products in bulk, large carload stacks and then dividing this bulk into smaller units as per individual requirements.
4. **WAREHOUSING**: The suppliers and customers do not have to bear the inventory costs because wholesalers hold inventories which decrease inventory costs as well as the risks associated with them.
5. **TRANSPORTATION**: Because of selection of a prime location for conducting business, a wholesaler or generally deliver the goods faster to the buyers as they are located closer to them.
6. **FINANCING**: Wholesalers finance suppliers by adopting the policy of early ordering and paying all the bills punctually. They also finance customers by granting credit.
7. **RISK BEARING**: As wholesalers own the title of the manufacturers they bear the risk of all the consequences cost of all kinds of flows is borne by wholesalers.
8. **MARKET INFORMATION**: All relevant information about the market like new products competitive position pricing policies and developments are conveyed to the suppliers or manufacturing by the wholesalers. They also communicate required information to the customers about variety of products.

2.3. IMPORTANCE OF WHOLESALING:

Wholesaling is important to different parties (manufacturer's retailers and customers or society) differently. This is describes below

1. **IMPORTANCE FOR RETAILERS**: The entire activity of wholesaling is very important for retailers. Wholesalers buy goods in large quantities and then sell it to retailers in smaller quantizes. They also deliver goods to retailers.
 - a. **PROMOTION**: There are some wholesalers who promote the products which they sell to retailers. Generally they perform; this work at a fixed cost or for free. Variety of display materials and pros are used by wholesalers to promote the products and stimulate impulse buying.
 - b. **MARKET INFORMAITON**: Significant information about the market and the customers is transferred to the retailers by the wholesalers. Wholesalers having many contacts with the local business and suppliers are able to collect reasonable

information about the market, i.e. about supply conditions pattern of demand trade related changes and development prices industry personal etc.

C. FINANCIAL AID: Wholesalers usually provide a kind of financial aid to the retailers. Retailers tend to take such financial aid for granted. Wholesaler's facilities the retailers to keep their own stock investments less in context of sales generated by making frequent and expeditious deliveries.

2. IMPORTANCE FOR MANUFACTURERS: Wholesalers are important to manufacturers in the same way as they are important to the retailers. Following points describe the importance of wholesalers to the manufacturers.

a. SALESFORCE FOR RETAILERS: Wholesalers offer their own sales force service for the manufacturers. They direct their sales force to communication to the retailers on behalf of the manufacturers and save their time money and effort.

b. REDUCING INVENTORY COSTS: Manufacturers have large quantities of finished goods that they have to store.

c. AVOIDING CREDIT RISKS: The issue of credit risk of the manufacturers is eliminated by the wholesalers as they offer credit on their own.

d. MARKET INFORMATION: Along with providing information to the retailers wholesalers also transfer relevant market information to the manufacturers.

3. IMPORTANCE FOR THE SOCIETY: Wholesalers are also important for the society as they offer variety of goods at required time in required quantity. Following points describes the importance of the wholesalers for the society.

a. SUPPORT TO ECONOMIC GROWTH: With its supportive function focused towards the retailer's manufacturers and the customers it contributes to the overall development of the business.

b. FACILITATING MASS CONSUMPTION: It is the wholesales that facilitate mass consumption of the goods produced by the manufacturers.

c. CONTRIBUTION TO OTHER BUSINESS AND EMPLOYEMENT: More employment opportunities are generated by the wholesaling business as it links with different other business like banking transportation insurance etc.

d. SUSTAINING MARKET EQUILIBRIUM: Wholesalers assist in maintaining stability of prices and general equilibrium of the market by helping manufacturers in evaluating consumer requirement and offering stocks in required locations at required time.

3. MANAGING LOGISTICS:

3.1. INTRODUCTION:

Logistics refers to the skill and discipline engaged in the administration and control of the way in which the flow of energy goods information and related resources takes place. In the present scenario the term logistics has a vast scope which includes the flow of raw materials to manufacturers from suppliers and final delivery of finished products to end users.

According to council of logistics management (**CLM**), logistics is the process of planning flow and storage of raw material in process inventory finished goods and related information from point of origin to point of consumption for the purpose of confirming customer requirement.

3.2. OBJECTIVES OF LOGISTICS:

The objectives of logistics are as follows,

1. **IMPROVING CUSTOMER SERVICE:** By attaining customer satisfaction highest level of profits can be ensured. Thus continuous improvement in customer service acts as the core objective of logistics.
2. **SPEEDY RESPONSE:** It refers to the organization ability to give prompt response to the customer's queries. In today's era of IT. It has become completely manageable to give immediate response to the customer's queries by acquiring related data and postponing logistical functions to latest time for increasing the response rate.
3. **DECREASING COSTS OF TOTAL DISTRIBUTION:** Decreasing the costs associated with overall distribution is another virtual objective of logistics.
4. **LEAST PRODUCT DAMAGES:** Damaged products contribute to extra expenditure on logistics. This extravagant expenditure on damage can be avoided by using mechanical system for handling materials using logical and efficient system of packaging.

5. **GENERATING PLACE AND TIME UTILITIES**: Ensuring the utility of product to right tie and right place is another main objective of logistical functions. The product is not good for the consumers until it reaches them at the right place and right time.
6. **STABILITY OF COSTS**: Another purpose of logistics is to ensure the stability of costs. It can be attained by managing the supply of goods through thoughtful use of the accessible transportation and suitable storage facilities.
7. **INVENTORY REDUCTION**: One of the major factors which can prove to be unfavorable for the firm is heaps of records conventionally abundant inventory was maintained for ensuring good customer care services which indulged a lot of expenditure.

3.3. COMPONENTS OF LOGISTICS:

MARKET LOGISTIC DECISIONS:

Following are the fundamental components of logistics

1. **ORDER PROCESSING**: Order processing refers to the process of receiving and delivering information of sales orders. An effective order processing leads to the efficient flow of goods order processing leads to the efficient flow of goods. Order processing is mainly responsible for maintaining high standards of customer's services in an organization.
2. **STOCK OR INVENTORY MANAGEMENT/CONTROL**: The management of inventory requires the development and maintenance of a wide range of products to fulfill the demand of customers.
3. **MATERIAL HANDLING**: The physical management and handling of goods is known as material handling. It is one of the factors in transportations and warehouse operations.
4. **WAREHOUSING**: It is the decision of the organization to opt either for its own warehouse or for shared outbound warehouse. In comparison to outbound warehouse in house warehouse offers more flexibility less expenditure and better administration. Yet the major advantage of outbound warehouse is that its needs no fixed investment on part of the organization.
5. **TRANSPORTATION**: Transportation of goods i.e. physical movement of products from manufacturers to end users is a pretty expensive form of physical distribution.

6. **CUSTOMER SERVICES**: The standards of customer services set the objectives and derived performance level expected by the organization.

3.4. IMPORTANCE OF LOGISTICS:

The important of logistics can be stated as follows

1. **FORM UTILITY**: It refers to the procedures through which goods and services are produced and put into appropriate form for usage by the customers. Form utility refers to the worth of a product which has been created by putting together all its parts.
2. **POSSESSION UTILITY**: It refers to the value added to the goods or services so that the customer is actually able to possess it. It is usually arranged by providing loans credits etc.
3. **TIME UTILITY**: It refers to the value of getting the product when required. Time utility occurs within the firm so that all the materials and parts are available at the right time and production line remains unaffected.
4. **PLACE UTILITY**: It implies that all the requisite goods services are available at the right place when required. If a product required by a customer is on its way or in warehouse or in some other store it fails to serve the purpose of place utility for the customer.

4. DESIGNING AND MANAGING INTEGRATED MARKETING CHANNELS **INTRODUCING TO MARKETING CHANNELS**

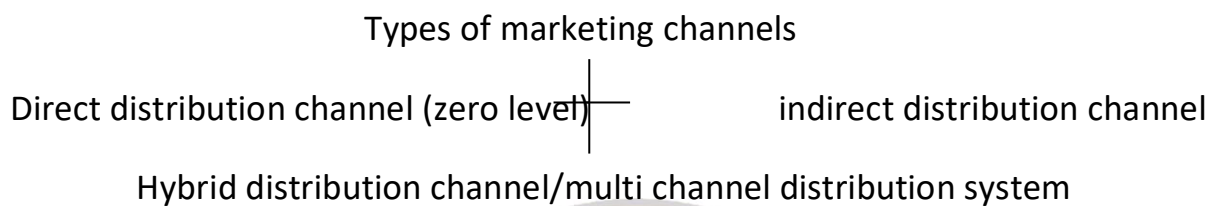
Channels of distribution are the route between producers and users through which goods are distributed. These routes are also known as distribution channels or trade channels. In case of services the distribution channel is direct, since the services are intangible in nature. A distribution channel generally requires a buyer and a seller. The buyer can either be an industrial consumer or the end customer. Other than the buyer and seller in the marketing channel various middlemen are also involved in the supply chain. Here middlemen may be distributor's wholesaler's retailers or dealer.

ACCORDING TO AMERICAN MARKTING ASSOCIATION

A channel of distribution or marketing channel is a structure of intra company organization units and intra company agents and dealers wholesalers and retailers through which a commodity product or service is marketed.

4.1. TYPES OF MARKETING CHANNELS:

The three types of distribution channel are as follows,



1. **DIRECT DISTRIBUTION CHANNEL (ZERO LEVEL):** It is the shortest channel used by the manufactured for distribution of goods or services. Under this system the goods and services directly move from the manufacturers to the consumer with no intermediaries. The reasons for selecting this distribution channel system is as follows,
 - When direct marketing is preferred by buyers
 - When the competitors are using direct marketing
 - When the company has sufficient finances to invest in the market
 - When appropriate intermediaries are not available to market the product.
 - When the company is expert in marketing
 - When the company is capable of handling its marketing activities at a rational costs.

Some of the methods used by manufacturers for conducting direct distribution channel system are as follows,

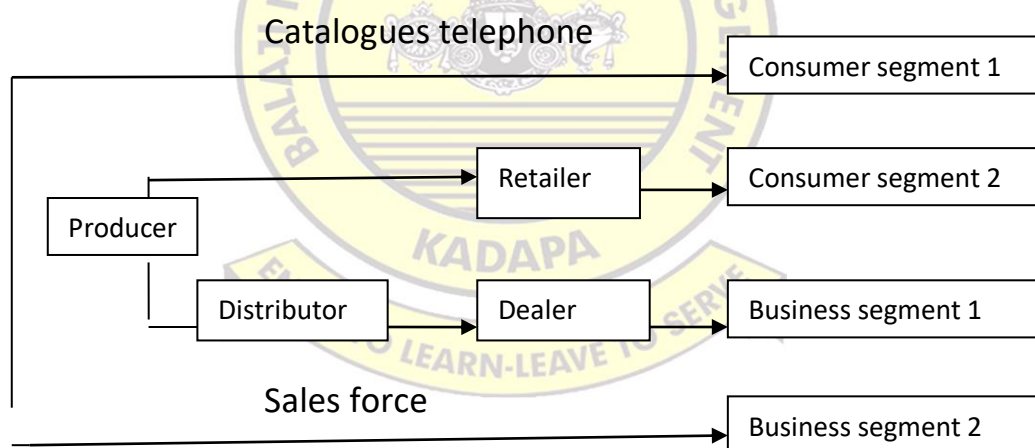
1. **SELLING AT MANUFACTURERS PLANT:** This method is also known as direct selling. It is the oldest cheapest and most convenient method of distribution.
 - a. **DOOR TO DOOR SALES:** This is the most unique way of selling goods and services. Under this method a sales agent visits house to house for selling the products face to face.
 - b. **SALE BY MAIL ORDER TECHNIQUE:** In this technique products are delivered through mail to the customer by taking their orders beforehand.

- c. **SALES BY MULTIPLE SHOPS:** Manufacturers dealing in perishable and non perishable goods usually open their own shops to sell their products.
- d. **SALES BY MUTIPLE SHOPS:** Manufacturers dealing in perishable and non perishable goods usually open their own shops to sell their products.
- 2. **INDIRECT DISTRIBUTION CHANNEL:** Here, goods are distributed via intermediaries. Under this channel there may be one intermediary such as a sole selling agent to distribute the goods through several intermediaries.

TYPICAL INDIRECT DISTRIBUTION CHANNELS:

ONE LEVEL CHANNEL: In this type of distribution system there is a single intermediary between the manufacturer and consumer. The intermediary used in this system can be either a retailer or a wholesaler.

HYBRID OR MULTI CHANNEL DISTRIBUTION SYSTEM: Earlier most of the companies used single channel distribution system to sell products in a single market.

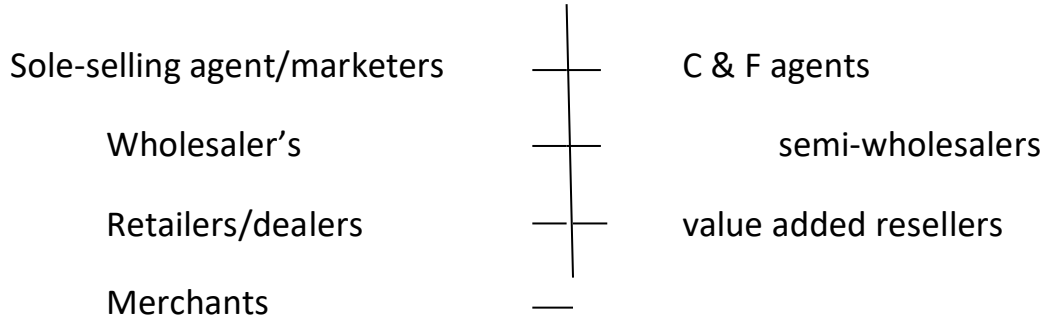


Hybrid distribution systems

DISTRIBUTION CHANNEL INTERMEDIARIES

The types of channel member in indirect distribution channels (excluding the zero level) are as follows,

Distribution channel intermediaries



1. **SOLE SELLING AGENT/MARKETER:** A sole selling agent is a large marketing intermediary having huge resources and wide spread region to operate.
2. **C & F AGENTS (CFAs):** A person who is involved in rendering services to any other person directly or indirectly like clearing and forwarding activities in any form or involves a consignment agent is called C&F agent or CFA.
3. **WHOLESALEERS:** Wholesalers are the second largest intermediary after the sole selling agents in comparison with the size, resources and territory of operation.
4. **SEMI WHOLESALEERS:** They purchase goods from manufacturers or distributions in bulk and then resell the goods to retailers I assortments as per their needs.
5. **RETAILERS:** Retailers sell their goods directly to the final consumers. They are at the lowest level of the distribution hierarchy and operate under wholesalers/ distributors/ stockiest/ semi wholesalers.
6. **VALUE ADDED RESELLERS (VARs):** They are intermediaries who purchase the basic goods from manufacturers then add value to it or modify it on the basis of product attributes and finally resell the goods at the end consumers.
7. **MERCHANTS:** Merchants are those intermediaries who buy or take physical possession of goods and then sell them to customers retailers and other intermediaries.

IMPORTANT QUESTIONS:

1. Explain various distribution channels. Give an example for FMCG product distribution.
2. How does integrated marketing channels designed? Explain.
3. Describe the classification of retailer, explain its functionalities briefly.
4. What do you mean by retailing? Discuss various trends and importance of retailing.

CASE STUDY:

Sachin and Virag are two enterprising youth. They have passed out from IIM, Bangalore. They thought instead of doing a job, they will launch fresh vegetables in Indian markets. Having learnt of the future conventional foods, they decided to venture into cultivation of mushrooms. Mushrooms are known to be the best alternative food for vegetarians. For Sachin and Virag fund raising was a serious handicap for mass production. However, the first trial batch of mushrooms that they produced was bought by Star Hotel in Bangalore. Further, the hotel placed orders for supply of 20 kgs every day. Now mushroom industry is run by small entrepreneurs, like Sachin and Virag. Another big player M/s Ashtavinayak Mushrooms, equipped with cold storage facility was more interested in the export market. Sachin and Virag have set their sights high. They aim to sell mushrooms in a very big way all over India. Mushrooms have a great market potential and is a perishable food.

QUESTIONS

A. How will you advise Sachin and Virag, as how to increase the consumer awareness about this new food?

POSSIBLE SOLUTIONS

- Consumer awareness can be created by test marketing. Through sales persons and customer response to the product.
- Samples can be distributed in big malls and Variety stores.
- Awareness can also be created through outdoor publicity such as wall hoardings, banners, insertions in news papers etc.

Targeted Customers:

Hotels

* Household sector

* Restaurants

* Industrial canteens

Brand name of the company along with the product can also be highlighted to the customer by using the concept of event marketing.

- For different kinds of selling modes they can target different customers

Institutional sale: Hotel / Restaurants/Industrial canteens Individual sale: Household

- Approach to hotel industry can be made and product benefit can be shown to convince the customer. Mushroom related recipe booklet can be given to them for use.

- Can approach the T.V programs for Khana Khazana to show different recipes of Mushrooms in their shows.

- Dealer push through sales promotion campaign.

- Press meetings can be a way to consumer awareness. Editors, journalists of newspapers having maximum circulation can be contacted and samples to be distributed to them (such as 250 gm or 100 gm packs).

- Packaging should be attractive

B. What would be your suggestions for distribution channel for mushrooms?

Distribution network:

- Product having being perishable, company should go for faster and effective distribution network having cold storage facility.

- Distribution through company delivery vans in local market and distribution through rail or road transport to urban markets.

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KADAPA

(17E00202) MARKETING MANAGEMENT

The objective of the course is to have the basic concepts of Marketing which is one of the important areas of functional management. This is a pre-requisite for taking up any elective paper in 3rd and 4th semester in the stream of Marketing.

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:

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UNIT-5

SALES MANAGEMENT

1. NATURE AND IMPORTANCE OF SALES MANAGEMENT:

1.1 CONCEPT OF SALES MANAGEMENT:

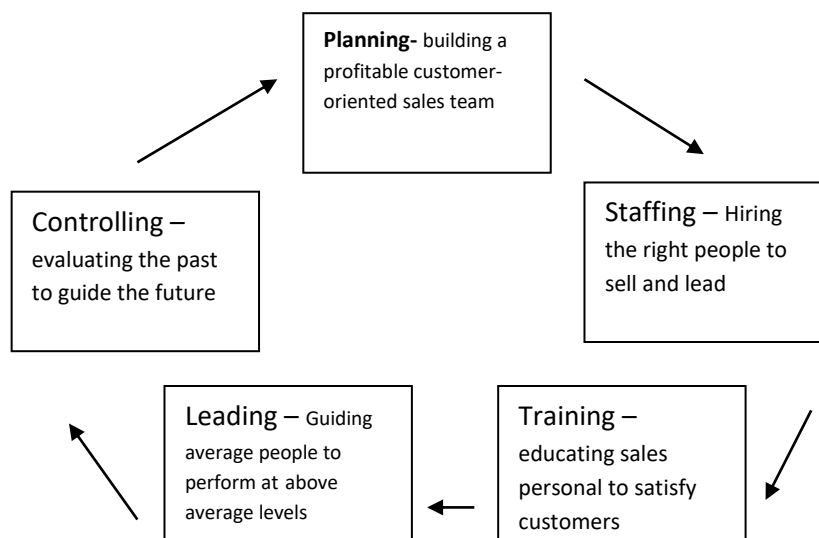
Sales management is a part of marketing management. It is the process which converts the marketing plan into actions. Because of this role of sales management it is called the driving force behind the marketing management. But sales management not only acts as a driving force but its scope is much wider.

Sales management can also be called as sales force management. Sales management manages the personal selling part of marketing programme of the company. It focuses on formulating the strategies that assist a company to reach its marketing objectives.

According to **HAMPTON AND ZABIN** sales management is primarily the direction of men with all the management functions of organization control recruitment training supervision and motivation.

1.2. FUNCTIONS OF SALES MANAGEMENT:

Sales management works with the group of individuals inside and outside the company to achieve its targets. The main role of sales managers is to increase the sales, revenue and customer satisfaction. A sales manager is successful when he is able to influence the behavior of customers as well as the sales persons. Sales management has following functions.



1.3. ROLE OF FUNCTIONS OF SALES MANAGERS:

1. **PLANNING**: Planning can be defined as the process of deciding where it wants to be in future and how to get there. It is an organized procedure to decide the goods and objectives that the organization wants to achieve in future and the resources and utilization in order to achieve them.
2. **STAFFING**: A sales manager cannot achieve the future goals and objectives alone. For this he needs to employ the personnel for the respective jobs and duties. Staffing includes hiring and maintaining efficient and capable personnel in the organization.
3. **TRAINING**: Sales training can be defined as the effort by the employer to provide the work culture, expertise, knowledge, and attitude to the sales person to enhance the performance.
4. **LEADING**: Sales managers also act as the leader for sales personnel. Leading can be defined as the capacity to influence the behavior of others so that the predetermined objectives and goals can be achieved. In the sales perspective, leading implies conveying the sales goals to the group members and encouraging them to perform better.
5. **CONTROLLING**: Planning, staffing, training, and leading cannot achieve success without effective controlling. Controlling refers to monitoring the performance of sales personnel, evaluating and comparing, and then taking corrective action if and when needed.

1.4. IMPORTANCE OF SALES MANAGEMENT:

Sales department is that part of the company which brings profit. It is very important to manage the sales department so that the organization can attain success. Sales management is important for the following reasons.

Importance of Sales force Management

Achieved broad organizational objectives	helps in decision-making & formulating strategies
Helps to face competition	ensures customer satisfaction
Promotes goodwill of the institution	managers sales personnel
Helps in managing sales force effectively	useful in promoting foreign trade
Creates employment opportunities	helps in controlling selling expenses

1. **ACHIEVES BROAD ORGANISATIONAL OBJECTIVES:** Sales management accomplishes the broad organization objectives maximization of profit growth in sales and growth in business are the broad objectives that are achieved by the sales department by managing sales personal developing sales plans preparing the sales budget setting up the sales territories and quotes etc.
2. **HELPS IN DECISION MAKING AND FORMULATING STRATEGY:** Sales management plays an important part in decision making process of top management.
3. **HELPS TO FACE COMPETITIONS:** Sales management help the top level managers to formulate various competition strategies to deal with the competition in the market.
4. **ENSURE CUSTOMER SATISFACTION:** It is important for any organization to ensure that their customers are satisfied. Sales management facilitates various ways that help in satisfying the customers such as communicating with customers at regular basis understanding their needs tastes and preference etc.
5. **PROMOTES GOOD WILL OF THE INSTITUTION:** Sales manage believes in maintaining good relations with the customers who in turn improves the image of company in the market. It also helps in growing the sales volume as well as in the overall growth of the organization

6. **MANAGES SALES PERSONNEL**: Since in current becomes are the most powerful entities in market it becomes important for the sales management to manage the sale personal so that they can win over the buyer.
7. **HELPS IN MANAGING SALES FORCE EFFECTIVLY**: Sales management helps in managing the operations of sales forces effectively. Sales management monitors various aspects such as sizing the sales force recruitment selection training etc.
8. **USEFUL IN PROMOTING FOREIGN TRADE**: Sales management broadens the scope of an organizations sales coverage. It takes the sales to international level which encourages foreign trade.
9. **CREATES EMPLOYMENT OPPORTUNITIES**: Sales management converts the planning done by the marketing management which requires sufficient number of sales personnel.
10. **HELPS IN CONTROLLING SELLING EXPENSES**: Sales management controls the unnecessary expenses on various activities by setting the quota and routing the sales activates.

2. SKILLS OF SALES MANAGER:

2.1. SALES MANAGER:

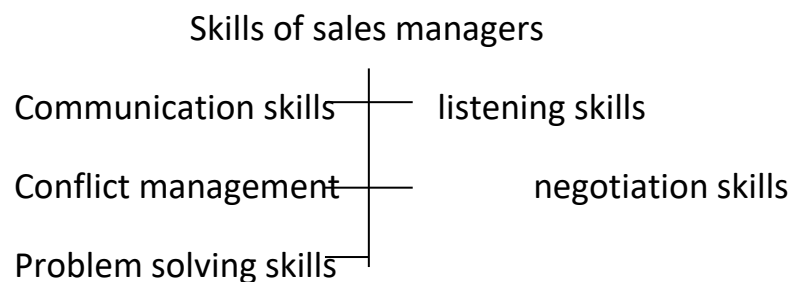
INTRODUCTION

The individuals who are assigned with the responsibility of leading guiding and controlling the team of salesperson are known as sales managers. The most important functions of a sales manager involve setting sales quotas assigning sales territories providing sales training mentoring salesperson developing sales plan taking decisions regarding hiring/firing of salesmen etc. in big organizations the executive level managers are responsible for setting

The sales plan and quotes while a sales manager is typically responsible for controlling monitoring and ensuring that the set sales quotes are fulfilled by the sales team.

2.2. SKILLS OF SALES MANAGERS:

There are various types of sales situations and jobs which require different kinds of quality and personality in sales managers. Hence different kinds of quality of range of selling skills are required for developing a success sales carrier. The following skills are essential for become successful sales managers.



1. **COMMUNICATION SKILLS:** In selling operation the expertise and ability to communicate are crucial. A sales person should have a good vocabulary and must be capable enough to express himself/herself logically to the customer further the salesperson should also possess the skills perceive and infer the verbal and non verbal sight of the customers as it significantly helps the sales person to handle customers doubts and aids in analyzing their intentions of making a purchase.
2. **LISTENING SKILLS:** A sales manager must realize its listening skills and use them to achieve sales realize for this purpose sales people should be great listen as most of the time, they are engaged in receiving information instead of providing
3. **CONFLICT MANAGEMENT AND RESOLUTION SKILLS:** No organization is free from conflict. In sales organization conflict is more evident as compared to other organizations due the fact that conflict of interests exists between individual of different levels having different goals to achieve.
4. **NEGOTIATIONS SKILLS:** When a person has what the other person wants and he/she is ready to give it by bargain then negotiation is said to occur. When two parties. Success achieve mutually acceptable solutions then a successfully negotiation occurs.
5. **PROBLEM SOLVING SKILLS:** For ensuring effective selling a good sales manager should have the problem solving skills. It is described under the consultancy and relational selling approach those salespeople should not

simply take orders instead they should solve issues and consults the customers. Thus salespersons should have problem solving skills.

3. OBJECTIVES OF SALES FORCE:

For a sales manager it is essential to establish sales force objectives in order to effectively manage the sales forces. Sales force objectives highlight the tasks for the sales forces and the time required to accomplish these tasks. These objectives direct the sales force towards accomplishing the given tasks. Moreover, the performance of the sales force is also evaluated and controlled on the basis of these objectives. Along with describing the sales objectives a detailed and achievable form, the time period and the concerned geographical areas should also be included in the sales forces objectives. Following objectives. Following objectives should be attained by any sales forces design.

1. BROAD OBJECTIVES:

- a. **TO ORGANIZE THE SALES FORCE STRUCTURE:** Organizations should effectively organize its sale force team by organizing its structure.
- b. **TO BALANCE THE SALES FORCE WORK LOAD:** Balancing the work load is the main objective behind designing the sales force. Here as pair the ability of the salesperson. Some amount of work is assigned to all the member of the sales force.
- c. **TO ENSURE THAT ALL ACCOUNTS ARE ASSIGNED TO A SALES REPRESENTATIVE:** In order to sustain the genuineness and integrity of the work among the salespersons, it is necessary to assign all the accounts to sales represent. It is the next broad objectives of the sales force design.
- d. **TO IMPLEMENT ON EFFECTIVE TWO WAY COMMUNICAITON CHANNEL BETWEEN FIRM AND CUSTOMER:** Other broad objectives includes implementing a two way communication channel between the organization and the prospective customer.

2. SPECIFIC OBJECTIVES:

- a. **TO PROSPECT:** It involves searching new prospects potential customers.
- b. **TO TARGET:** It includes deciding how the sales force time is distributed among customers and prospects.
- c. **TO COMMUNICATE INFORMATION:** It includes providing information about organizational products and services.

- d. **TO SELL PRODUCTS:** It includes selling organizational products and services through the process of sales approaching presenting dealing with objectives and closing the sales.
- e. **TO PROVIDE SERVICE:** It includes offering different of services like technical support improving deliveries consultation organizing finance etc.
- f. **TO GATHER INFORMATION:** It includes conducting market research and other intellectual work.
- g. **TO ALLOCATE:** It includes determining product allocation among customers in case of shortage.

3. OTHER OBJECTIVES:

- To council the unsatisfied customers
- To communicate organizational schemes and plans in order to deal with shortages
- To sell regulatory available organizational products and
- To acquire customer preferences in case of excess of organizational products.

4. SALES ORGANISATION:

4.1. CONCEPT OF SALES ORGANISATION:

According to American marketing association sales organization is the planning directing and controlling of personal selling including recruitment selection training equipping assigning routine supervising paying and motivating as these tasks apply to the personal force.

According to **STILL** and **CUNDLIFF** a sales organization like any organization is a group of individual striving jointly to reach certain goals and bearing formal as well as informal relations to each other.

4.2. PROCESS OF SETTING UP A SALES ORGANISATION:

1. **DEFINING OBJECTIVES:** The foremost step comprises of defining or figuring out the sales department's goals. Certainly it is the senior most management that determines the long term goals for the organization and from these. The common or long term goals for the sales division are attained. If common goals are regarded conjointly they include senior management's insight of the organization for sometimes ahead.

2. DETERMINATION OF ACTIVITIES AND THEIR VOLUME OF PERFORMANCE:

Identifying whether all the activities are being properly arranged acts as a basic to well found and credible organizational model various questions such as what execute positions are essential for smooth functioning of the organization.

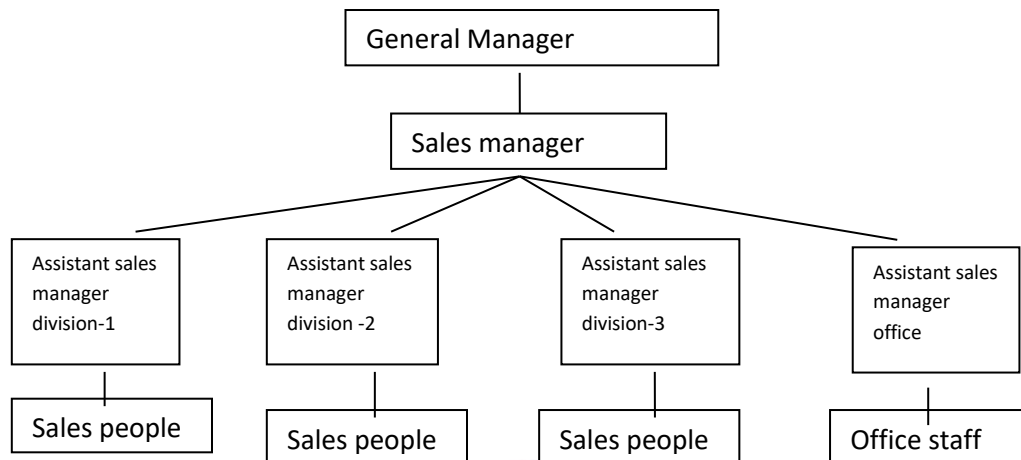
3. GROUPING ACTIVITIES INTO POSITIONS: Different positions been assigned with the activities discerned as imperative. So manager designing the tasks should take into account that these tasks are intended at accomplishing some goals or targets and thereby eventually the combination provides the raw material from which job descriptions are organized with regard to work intentions.**4. ASSIGNMENT OF PERSONAL TO POSITIONS:** After grouping activities into positions the next step is to allot staff to the positions. At this stage it is important to identify whether to change the positions to suit the companies of existing staff or to hire special persons to fill the positions.**5. PROVISION FOR COORDINATION AND CONTROL:** Sales personal who are in charge of other sales team members i.e., understand the line authority need different ways to manage their assistants and harmonies their efforts to attain sales targets.**5. TYPES OF SALES ORGANISATION:**

There are several kinds of sales organization structure or designs which are explained as follows.

1. LINE SALES ORGANISATION:

- The most uncomplicated and long established structure in line organization structure.
- Small scale business and companies with less number of sales staff use line organization in an extensive manner. For example, firms with limited number of product lines or those who focus on new few markets, i.e. geographic areas.
- Under the line sales organization starting from senior sales official the chain of command runs down to the assistance.
- All duties and responsibilities are next level of explicit and fixed and every person who has been delegated the authority is free to make

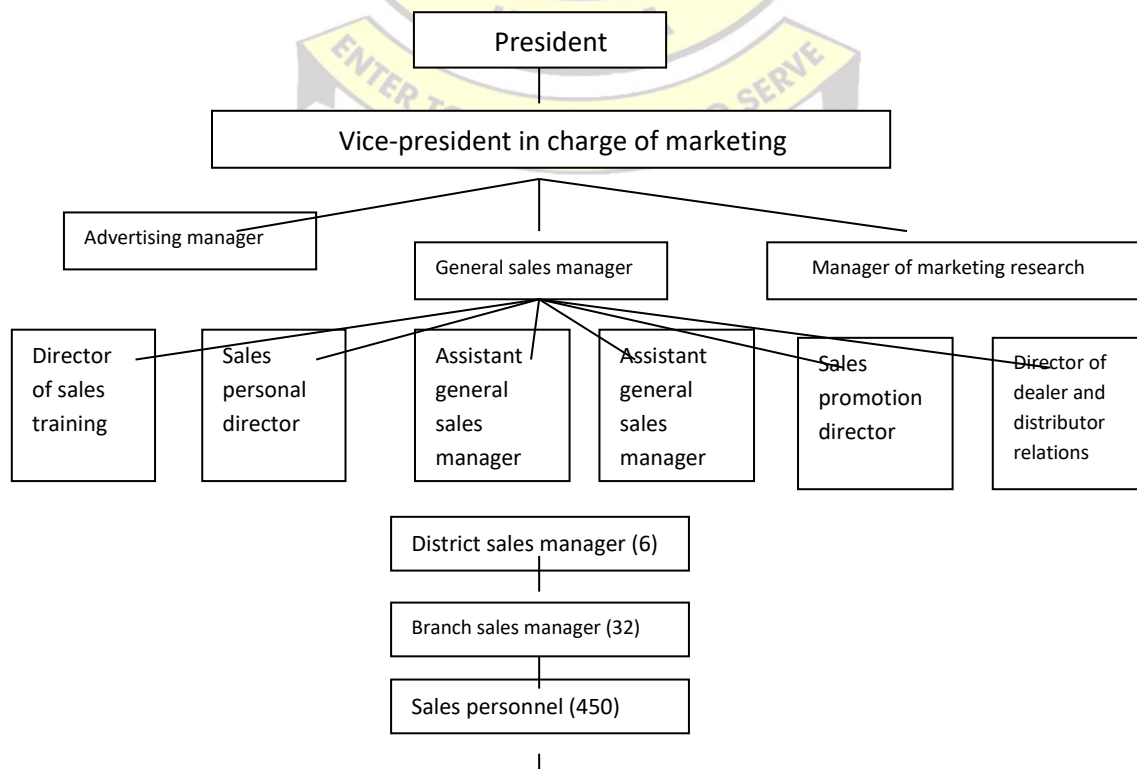
decisions and take necessary actions accordingly. And all people that are part of any one hierarchical level are independent of all others present on that level.



Line sales department's organization

2. LINE AND STAFF SALES ORGANISATION:

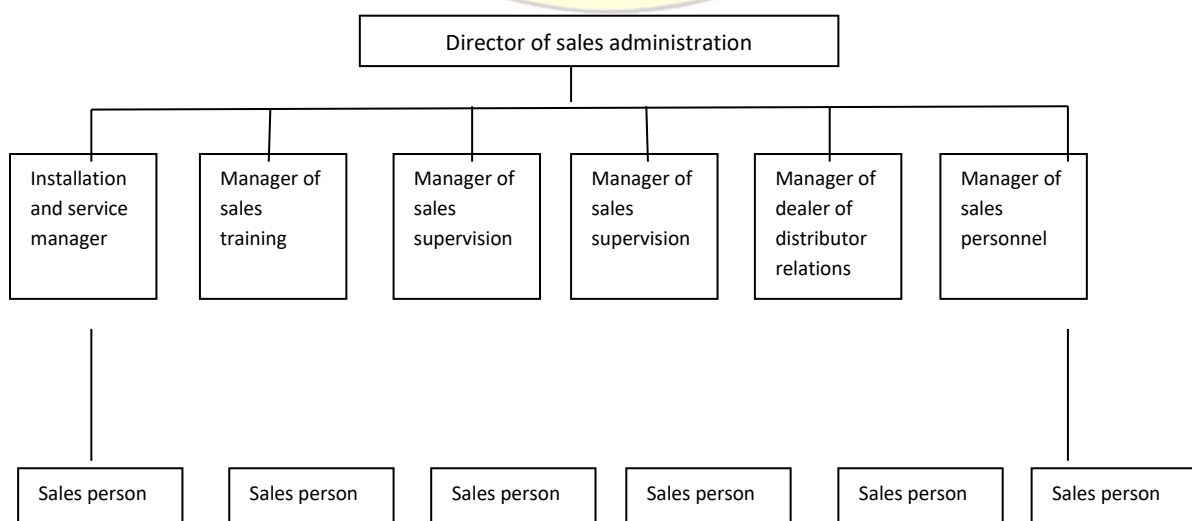
- Medium and big sized companies with large number of sales personnel and those engaged in selling varied product lines over market segments covering extensive geographic areas usually use line and staff organization design



- The line and staff department furnishes the top and senior sales executives with a group of consultants or experts unlike the line organization.
- Senior sales executives can save a lot of their time and are reprieved from unnecessarily exhaustive jobs because of these group of professionals.

3. FUNCTIONAL SALES ORGANISATION:

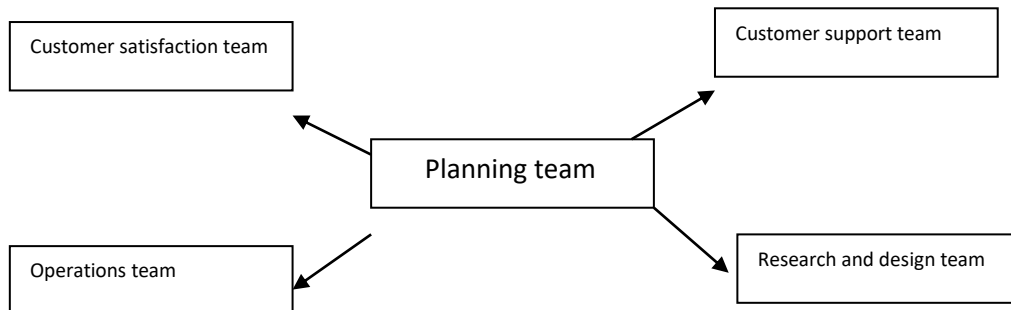
- Functional organization structure is utilized in some sales divisions. The famous American management consultant, **Frederick W. TAYLOR's** management theory forms the basis of functional sales organization.
- This structure is established on the basis that every person in a firm bear an employee or an executive must not have many well defined responsibilities.
- This enables the concept of specialization to be employed to the optimum level possible. Function of a position determines responsibility allocation and delegations of authority.
- The same executive is in control of a particular function irrespective of where it appears in the organization.
- Sales personnel under the functional divisions get orders from many officers but on distinct dimensions of their work. Executives at the lower level of the hierarchy are not accountable for coordination conditions for coordinating the functional official are developed by the top management.



Functional type of sales organization

4. HORIZONTAL SALES ORGANISATION:

- Horizontal structure eliminates all the divisional or departmental boundaries and management organizational levels.

**Horizontal organization**

- Few numbers of top executives manage support functions such as human resources finance and strategic planning.
- So mainly the cross functional teams have all the other individuals of the organization as their members who discharge fundamental activities such as production or operations sales and product design etc. these cross functional teams are also involved with customer teams for resolving customer concerns.

5. COMMITTEE SALES ORGANISATION:

- No committee forms the only foundation of arranging a sales division.
- Committee sales organization is a manner of assembling the executive group for devising policy and planning for the organization whereas assigning executive of plans and schemes and other actual operations to individual officials.
- This committee conducts meetings to outline training plans and devise sales training programmers at regular intervals.

IMPORTANT QUESTIONS:

1. What are the different procedures involved in managing the sales force.
2. Explain different types of sales organizations.
3. How importance is sales for an organization? Explain.
4. What are the different skills of a sales manager?

CASE STUDY:**MARKETING CHANNELS: PEPSI INTERNATIONAL.****INTRODUCTION**

When a company enters a foreign market, the distribution strategy and channel it uses are keys to its success in the market, as well as market know-how and customer knowledge and understanding (Bellhouse and Hutchison, 1993; Ilonen, et al., 2011). Because an effective distribution strategy under efficient supply-chain management opens doors for attaining competitive advantage and strong brand equity in the market, it is a component of the marketing mix that cannot be ignored (Bowersox and Morash, 1989). The distribution strategy and the channel design have to be right the first time (Daugherty, 2011; Layton, 2011). The case study of Pepsi International provides evidence of the situation that a company faces when its distribution strategy in the international supply-chain management is, in fact, ineffective and not right!

Pepsi Cola International accessed the Ukrainian market via exports back in 1968 and since then has been trying to sustain its position in the market. It exports its concentrate, via routes to the country that are interchanged every now and then, to 12 local bottling companies who then sell it to distributors, who then deliver it to retail stores. Despite the fact that the supply-chain management has led Pepsi to gain local fame and popularity, it is inefficient in terms of cost which reduces the ability of the company to earn higher profits (Menachof, 2001). The discrepancies in demand and supply, conflicts between channel members, the environmental impact and theft along the way seriously harm the company's profitability. With Cola Cola entering the market, Pepsi needs to redefine and redesign its supply-chain strategy to meet the challenges faced in the market and sustain its position in the country. These

challenges are discussed in detail to provide possible solutions for the company to improve its supply chain and marketing channels in the light of existing literature, theories and models of marketing channels and logistics.

Task 1

CHALLENGE 1: GAPS IN DEMAND AND SUPPLY

One of the two big challenges faced by Pepsi is the gap in supply and demand. This is mainly a result of Pepsi's lack of presence in the market and its heavy reliance on outsourced distribution. Gaps in demand exist in the supply chain when the company fails to meet the demand via distribution. The delivery of irregular quantities produces this gap (Bowersox and Cooper, 1992). Gaps in supply exist due to the channel members' lack of expertise in the distribution process. Efficient supply-chain management has been widely advocated in the literature on marketing channels and logistics (Wetzels, et al., 1995; Harvey and Novicevic, 2002; Minuj and Sahin, 2011; and Rollins, et al., 2011).

Evidence that there is an efficient and effective supply-chain strategy comes from customer satisfaction and the quality of customer service provided. In the case of Pepsi Cola International, an entire rural segment of customers is excluded from distribution, which shows the lack of focus given to customer service in the supply chain. As much as Pepsi Cola International would like to blame the local distributors for this, the main responsibility lies on its own head for developing a distribution strategy without proper consideration of the customer segments that exist in the country and for not hiring managers to control the supply-chain operations in the country, who would have inculcated efficiency in the supply chain (Menachof, 2001).

Pepsi Cola International has two consumer segments in the Ukraine that have not been segmented properly. So far, Pepsi's focus has been on the urban consumers. This case study highlights the growing demand for Pepsi in the rural areas (Menachof, 2001), which is not surprising as recent studies of the developing economies of the world have found that the largest and fastest growing customer segment is rural populations. However, their variable income and therefore their purchasing power is different from that of the urban consumers. This results in marketers generally ignoring the rural population and focusing mainly on urban consumers, as Pepsi is doing in the

Ukraine. There is immense geographic dispersion and this, together with lack of proper infrastructure, prevents big companies from establishing tailored marketing channels to target these customers. Ignoring the rural consumers may be a disaster for Pepsi in terms of losing out on access to a larger market share in the country.

SOLUTION 1: REDUCING DEMAND AND SUPPLY GAPS

An effective distribution strategy is one that is designed and tailored according to the customer segment. Pepsi Cola International needs to tailor its distribution to meet the demands of the rural consumers. It first needs to segment its market for the two types of customers: rural and urban. According to Craig and Douglas (2011), despite of the fact that the rural consumer market has a low capital income that shrinks its buying power, the market has great potential due to the size of its population as a percentage of the total population. With the growing awareness of the developments in the urban population, the rural consumers aspire to consume brands to improve their standard of living. This is a factor which provides local and multinational brands the easy means to penetrating the market using low-cost marketing models (Craig and Douglas, 2011). Coca Cola in Africa has penetrated African rural villages by installing its own refrigeration system in stores to provide consumers with cold drinks. It often delivers its product by hand to individual consumers to meet demand in the area. This is a lesson to be learned by Pepsi as, with Coca Cola now in the Ukrainian market, it is only a matter of time before that the brand will spread its wings into the rural market of the Ukraine as well. Pepsi Cola International, with the help of the local institutions and NGOs, can make efforts to install the necessary developments in infrastructure to allow more efficient distribution in the rural areas which will benefit it greatly in the long run.

The biggest argument against this is the consideration of the costs involved. This brings in the need for effective supply-chain managers that Pepsi has completely ignored. Harvey and Novicevic (2002) deem effective supply-chain management to be highly important for balancing logistical cost factors and customer service factors.

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