

MARKETING

→ Important Terms:

- Marketing is the management process which identifies consumer wants anticipates their future wants & then goes about satisfying them profitably.
- Market size is the yearly sale of any product or keeps on changing with time/years.
Eg: Market size of smart phones is 100cr.
- Market growth is the growth or increase in the market size. It can be forecasted
Eg: Market growth of smart phones was 20cr.
- Market share is the percentage or part of market's total sales that is earned by the product
Eg: Market share of smart phones is 40cr
(out of total 100cr that was earned by all phones)
- Niche Market
 - There is a very small number of customers
 - What makes any product niche could be the price of the product; its status & its utility effects.
 - Products are produced in small amounts.

- eg: handicap cars or BMW.

→ Mass Production

- Products are produced in large numbers.
- ^{No. of} Customer is large as well.

→ Market segment - identifiable section of a given market with similar characteristics

Eg: age, income, gender etc.

Eg: Cadbury, earlier was only for kids; then for slightly elder ones; later, for people who went to college; then for adults; next, for the people who shared sweets on festivals

⇒ summing up (4Ps)

1. Product & its features

2. Price

3. Promotion: how is the attraction built up for the product.

4. Place: & channel of distribution (how the product

i. Producer comes to the hands

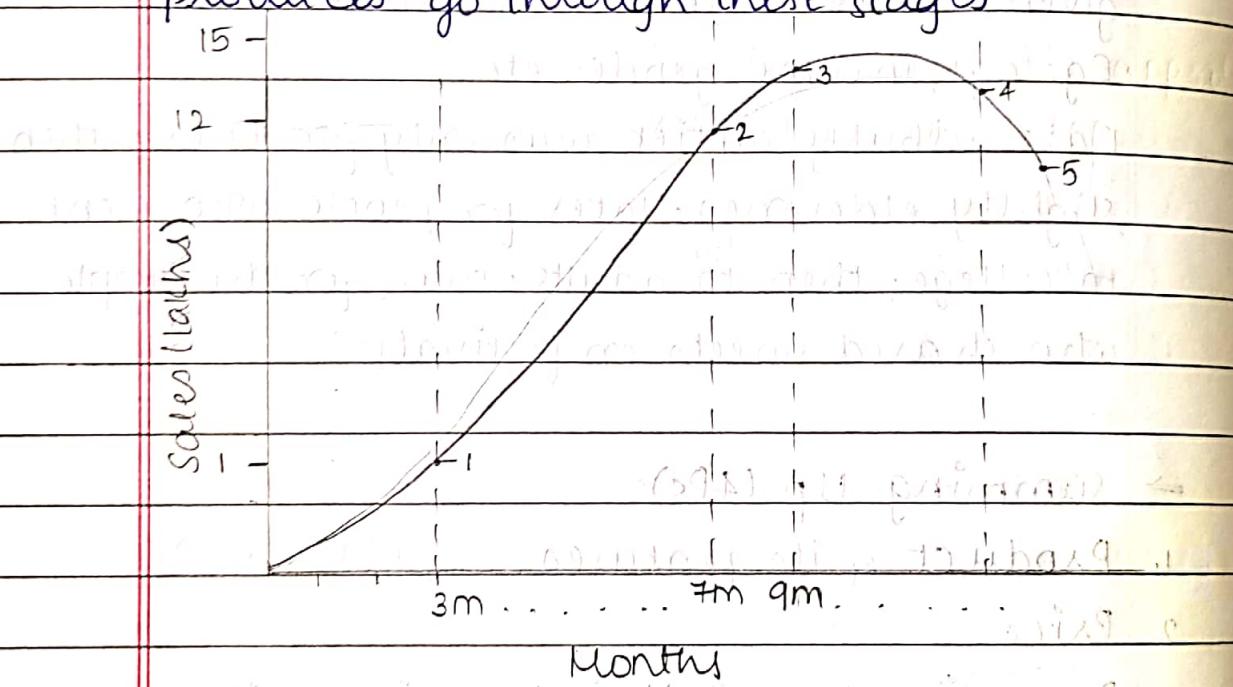
ii. Retailer

iii. Customer (the final user of the product)

→ The 4Ps.: Product, Price, Place, Promotion

→ Product.

Product life cycle is about launching & removing any particular product from the market & it different stages. All products go through these stages



Product: Samsung Galaxy Note

(best example for this graph)

1. Stage 1 - Introduction.

- The stage when you are trying to make people aware about the product.
- Sales growth is least or very low at this stage.
- There is a lot of promotion to be done.

- The cost is very high & the revenue is very low
- The net earnings could be negative (this happens with majority of the products). This happens because all invested facilities may not be used & the production may not be working at optimum because less limited sales. Due to this the average cost becomes higher.

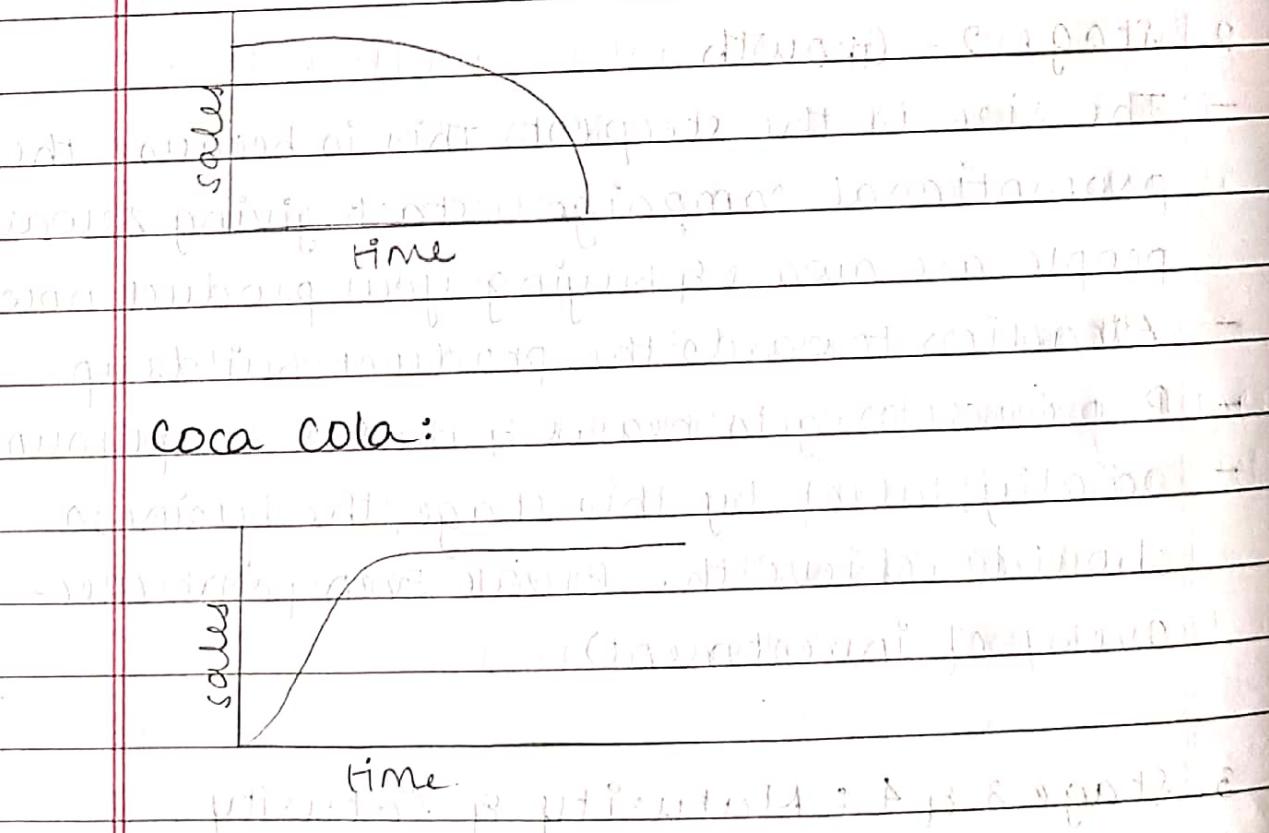
2. Stage 2 - Growth.

- The rise is the steepest. This is because the promotional campaigns start giving rewards; people are aware & buying your product now.
- Attraction towards the product builds up.
- Production gets nearer & nearer to optimum
- Ideally, latest by this stage, the business should achieve the Break Even point (Recovery of investment).

3. Stage 3 & 4 : Maturity & Saturation

- Sales may start to become stagnant because-
 - Product may start facing competition (common)
 - People may try to replicate the product. (with mobiles)
 - Technology may get older (that depends on type of product)
 - People whom you want that they buy your product, may have already bought it.

- There could be change in preferences or tastes of people
 - Extension strategy may be introduced to stop/prevent the decline
5. Stage 5 - Decline
- Production stops (e.g. personal computers now-a-days)
 - Withdrawal of the product from market
- Examples:
- Production becomes unprofitable
 - Product loses its appeal
 - Advertisements stop.



- Advertising: plays an important role in the product life cycle (they keep product in minds of people)
- More coordination with mass media is required
- More coordination with finance department is required for funding.

→ Ad or promotional campaign should be placed at the right place & the right time

Extension Strategy

1. Exploring new markets
2. Promotion
3. New features

Any possible questions

Q. How does the role of marketing differ from all stages?

A. How does the role of financing differ from all stages?

Inform, spread awareness, more co-ordination with finance department because more funding will be required. More co-ordination with mass media (TV, newspaper, internet)

⇒ Growth Stage.

Q. At what rate should you reduce promotional campaign?

Q. Should any new market segments be targeted?

⇒ Maturity & Saturation stage

Q. What can be done to counter competitions.

Q. How can you address the change of taste, & preferences of the customers.

→ Price

Pricing strategies.

1. Price skimming:

- strategy where the prices are kept high in the beginning which gradually reduce.
- First the high paying customers are targeted; the ones who would buy the product no matter what.
- further, those customers are targeted who would pay less; the ones who would ask for others' opinions about the product & then buy it.
- The reason for this strategy could be that
 - (i) the product is innovative with new features that are found in none of the other products.
 - (ii) Hence, people have no other option.
- This strategy mainly applies to technological products.

2. Penetration Pricing:

- The price of the product is kept low at the beginning to gain some market share after which the price increased.
- Sometimes, the product may also be sold at a loss. (best ex: Nicemax)

3. Cost Plus Pricing:

- The cost of manufacturing the product plus a profit mark up.
- Typically in medicines.

4. Promotional Pricing:

- Where the product is priced in a certain way so that the price can be used to promote a product.
- Eg: Dominos, Pizza hut.

5. Psychological Pricing:

- Where the price is ^{made to} appeared lesser than what it actually is.

→ 99.9 instead of 100 and 1000 instead of 1000.

6. Competition:

- The price increases or decreases according to other prices of competitors.
- common in fast moving consumer goods (FMCG).

→ Promotion

Positives:

- Ads builds up awareness about the products.
- They present more & better options for customers.
- They create competition which eventually also improves the quality of product.
- They help TV channels & newspapers earn.
- All forms of media would be ^{very} expensive if there were no ads.
- Ads create a lot of jobs.

Negatives:

- They may block TV shows.
- Some ads may not be 100% reliable or correct.
- Employees don't like that so much money is spent on ads unnecessarily (if it's a popular business/product already). Instead they want that money to be given them as salaries.
- Shareholders want that money to kept as the profit of the product.

Promotional Activity

1. Below The Line

Indirect ways by which you promote often without incurring any cost. It's just offering & not forcing or attracting customers.

Examples:- Free Gifts

• Schemes (such as discounts)

• Road shows (temporary stalls that

businesses keep on road
to attract customers)

• competition with other ch

• Trade fairs (auto expo etc)

• After sale service (guarantee, free service)

• Loyalty cards (platinum, gold cards)

Important roles:

• Accounts executive:

His job is to coordinate between ad agency & other businesses.

• copywriter / creative team:

The most important role. Their job is come out with the right ideas & creation of the ads.

• Media Planner:

Again an important role they play. They are responsible for booking media's place.

2. Above the Line.

- Promotion through Advertisements
- There is a straight forward effort to create attraction for the production
- Usually involves high cost.
- Ads can either be:
 - i Informative, which ^hare information about the product most of which display below the line/offers of the business.

Eg: Big Bazaar.

- ii Persuasive, which ^{form the} majority of the ads & are the ones we ^{most} commonly see on TV.

Eg: soap, car etc. ads.

Different Media for Advertisements:

- TV
- Internet, where;
 - you can create your own website.
 - you can place your ads on other websites
 - you can create your page on social networking sites such as twitter or facebook.
- Newspapers / Magazines

Very effective way to reach the targeted group of people.

- o Pamphlets / Flyers
 - mainly distributed through newspapers or hand by hand.
 - best medium of advertising if the targeted customers are in a small area / limited area.
 - one of the cheapest mediums of advertisements.
- o Blogs
 - more effective than traditional media
 - more useful for a particular community
- o Radio / FM.
 - Reaches to every part of the country
 - Radios are more handy for people & hence more people use it.
 - Also, one of the most primary mediums of advertising.
Memorable song or tune is used so that the advertisement is remembered by the audience.
 - It is not very expensive, but its rates are increasing as it is getting popular again.
 - The people who are targeted are typically those people who travel one or one & half hour travelling to work & prefer listening to radio during that time.
- o Temporary stalls during major events (typically)
Eg: Galaxy Bazaar
- o Hoardings / sponsorship banners / Posters / Wall Paintings.
 - one of the most expensive medium of advertising

) depending upon the number of people it is reaching.
→ Another reason one of the reasons, which why businesses choose this medium for advertising is because they don't want another competitor to advertise at that place.

- Sky Riding, where in the banner of the advertisements is hung behind the plane
- This medium is very expensive & yet covers only a limited area & only for a limited time
- They why do people choose this option? They are actually targeting the newspapers, TV channels etc. who will promote & publish this activity of theirs which will ultimately help the business promote their product brand. This could NOT be called 'free publicity' because they ^{have} ~~are~~ investing ^{ed} money which ^{has} indirectly got them publicity, but yet its not free. This is an example of public relations activity.

Public Relations Activity.

- Definition: An activity by which a business tries to build up the image of its products or the business as a whole & the business tries to get a lot more publicity than what it is spending.
- This kind of promotional activity is neither

above the line, nor below the line.

Examples.

→ To have an innovation itself is a public relations act.

→ Getting the product reviewed by a neutral expert who talks positively about your product.

→ The premiers of films

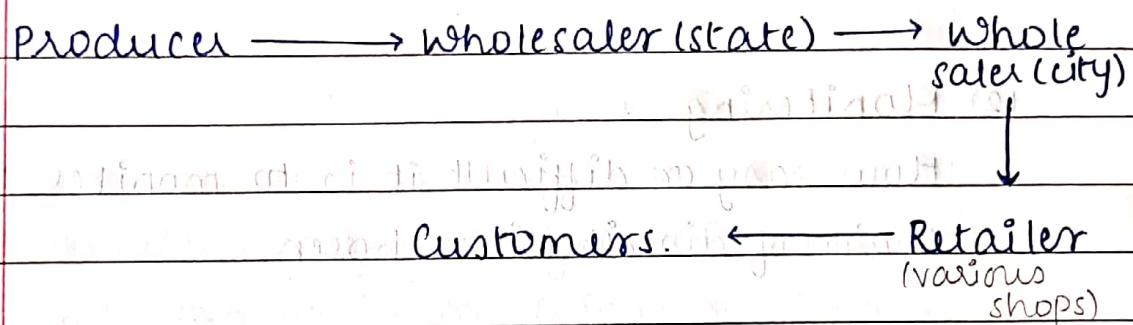
→ Ratings in newspapers.

→ Place → Channel of Distribution

- Place here refers to the channel of distribution of the product; how the product reaches from the place of manufacturing to the hands of customers & not the place of production

Function of distribution

The most common chain of distribution:



* This chain of customers is most common for small products.

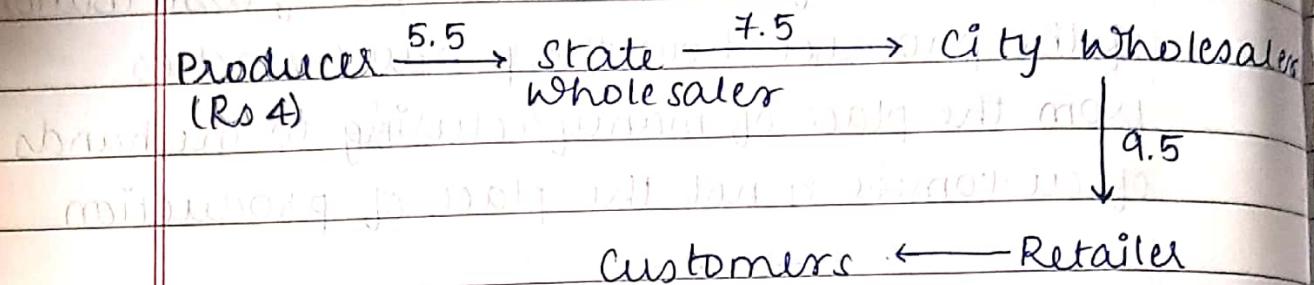
Example: Maggi (household item)

→ Important Parameters for the decision of channel/chain of distribution:

(1) COST

The more the levels there are in the chain, the more the cost of the product. Retailers have the highest margin & producers have the lowest.

Example: Maggi



- * Price increases with every level that is added.

(2) Monitoring

How easy or difficult it is to monitor the chain of distribution chosen.

(3) Time

The time products to reach to the customers.

Example: People would wait for their car but not for their food products.

→ other chains of distribution.

• Producer → Retailer → Customers

Eg: Cars & other big & expensive products.

Flipkart (it is NOT a producer) is an example.

Flipkart is a retailer & part of a chain like the above. It is a retailer.

They sell the products cheaper comparatively because the level/stage of wholesaler is excluded (lower cost).

Eureka Forbes (best example; they have their salesmen)

- Producer → Customers

Eg: Reliance, Bajaj, M&T, etc.

Laptop Makers

Some expensive car brands have their own showrooms

Eureka Forbes

Amway / Tupperware

The have their business associates who are given commission as salesmen or employees.

→ Selection of Channel of Distribution:

- What type of product it is
- Is it very technical product or not
- How often is it purchased
- How expensive it is
- How perishable it is
- Where are its customers located
- Where are the competitors selling their products.