

Product Mix of any company & the product engineering specialisation & the product strategy involved.

Date:

- Market

Marketing

Marketing Management

- Market is a place where product or services are exchanged by consumers or sellers in return for price or money

- Marketing:

- According to American Marketing Association (AMA)
"Marketing is the process of planning & executing of consumption, pricing, promotion & distribution of ideas, goods & services to create exchange that ~~satisfy~~ ^{satisfactorily} individual & organizational goals."

- In other words, marketing refers to choosing target markets, getting, keeping & knowing customers by creating, delivering & communicating superior customer value.

Marketing Management:

- When we implement management principles like planning, organizing, directing (leadership), budgeting, motivation & controlling

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for marketing the goods & services, it is called marketing management.

Marketing Mix (4 Ps)

- Marketing mix refers to the four fundamental elements in marketing management - Product, Place, Promotion, Pricing, Promotion.

- 1) Product - Which products to offer
(choice of distribution)
- 2) Place - Which channel to select
- 3) Pricing - At what price
- 4) Promotion - How to communicate (choice of advertisement)

- According to Philip Kotler, "Marketing mix is a set of marketing tools that a firm uses to pursue its marketing objective in the target market."

Date:

4Ps	4Cs
Product	Consumer problem solution
Place	Convenient
Price (Revenue)	Cost (Expense)
Promotion	Communicate

Evaluation of Market Concept

Exchange → Seller, Buyers

Production → Availability (Balaji Wafers)

Product → Quality (nuggets)

Selling → forcefully asking consumers to buy

Market → Consumer is King

(Dem. & LBM)

Societal →

Types of demand

Marketing strategies

1) Falling demand -

- is a situation wherein the consumers demands analyse the decreases over time.

- Analyse the root cause in falling demand

- Analyse competitor advantage.

- Remarketing strategy

2) Negative demand

- Strong, aggressive message

- Counter strategy

- Here the marketing strategy is to study why people dislike the product & what new marketing program can change their belief & attitude.

3) Latent demand

- there is some

segment of the society share a strong

- Estimate the size

of the market.

- Do target marketing

- Development marketing strategy.

Ogenuine need that cannot be satisfied with the existing products

Date:

4) No demand

- here the consumers are either unaware about the product or they are indifferent.

e.g. beds tailor made for spine comfort.

- Effective advertisement.
- Increase the visibility

5) Irregular demand.

- Some companies face demands that varies on seasonal, daily, hourly basis.

- Synchron marketing strategy.
- price differential
- innovative marketing
- Maximizing profit during the season & minimizing losses during off season.

6) Full demand.

- here the product creates substantial demand to the company management is pleased with volume of demand.
e.g. Maruti Alto cars.

- Marketing strategy is to maintain the current level of demand, preserve the prod. quality to measure consumer satisfaction continuously. **Genuine**

Date:

2) Overfull demand

- Here the marketing strategy is by demarketing strategy.

The old version will be phased

out & new version will be released

e.g. Myndai withdraw i10 & launched grand i10.

3) Unwholesome demand

e.g. liquor.

- These are not good for the health of consumers. However, market has huge demand for such products.

- The marketing strategy is send ~~the~~ ^{to} ~~for~~ ^{bear} message.

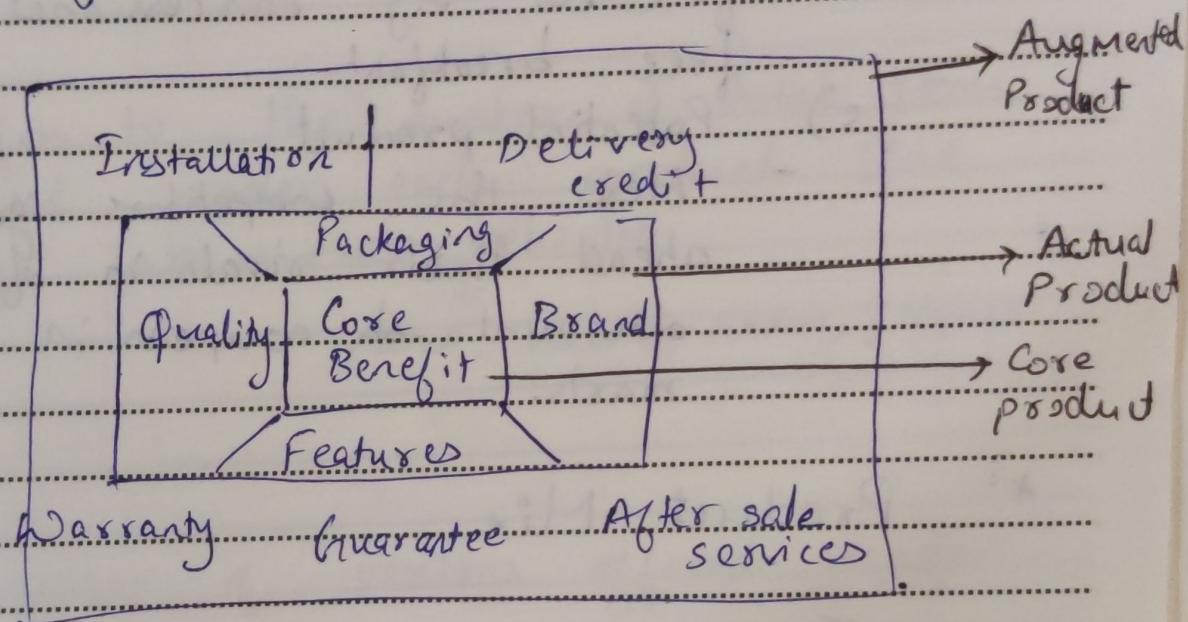
- Reduce the availability.

- Price high.

Chapter-2 Product Date:

- A product is anything that can be offered to the market to satisfy consumer needs
- Product include physical goods, services

* Levels of product



For e.g. - How hotels compete in the market.

i) Core benefit

e.g.- In a hotel, the customer must get rest & good sleep.

ii) Basic product

In a hotel a customer expects bed, towel, bathroom, fan, etc.

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3) Expected product

- In hotel, guests normally expect clean bed, fresh towel, working lamp.

4) Augmented product

- Today customer expects some freebies e.g. concession breakfast / free breakfast.

5) Potential product

- Here the competitors go one step ahead their rivals in offering discount & coupons in shopping marts.

* Product Mix

- The product mix is the sum of all products & variants offered by a company. It refers to different product line the company carries.

1) Width

- Width refers to the different product lines a company carries.
- e.g. Tata → consultancy, motor vehicles, power, beverages, etc
- Shows the empire of that company.

2) Length

- Refers to the number of total items offered under each product line.
- e.g. Tata → motor vehicles
 - ↓
 - nano, harrier, nexon, jaguar---

3) Depth

- The number of versions offered under each product.
- e.g. Tata → motor vehicles
 - ↓
 - indigo
 - Diesel
 - Petrol
 - Electric

4) Consistency

- Refers to how closely the various product lines are in end use, production

Date:

requirement, distribution channel, etc.

e.g. Tata - in bound logistics

* Product Strategy

- The main task in product management is called product strategy
- It means managing the various product line & answering the following questions.

1) How many different product line should the firm offer?

2) Within each product line, what should be the composition?

3) How to position the product?

Products are manufactured in factories but positioned in heart of consumers.

4) What should be the brand policy & how to develop brand equity?

5) How to plan for new product?

6) How to do product differentiation?

7) How to manage the product quality.

Date:

* New Product Development

- The new product can arise out of technological innovation or out of market oriented modification

Generation of new ideas



Idea screening



Concept nesting



Business / market analysis



Prototype / actual product development



Test marketing



Commercialisation

Date:

1) Generation of new ideas.

- Socio-economic problems
- A new product can also emerge from the substitutes available in the market through product modification
eg. Mahindra XV~~xx~~
- Expert opinion through brainstorming
- Absolute new technology

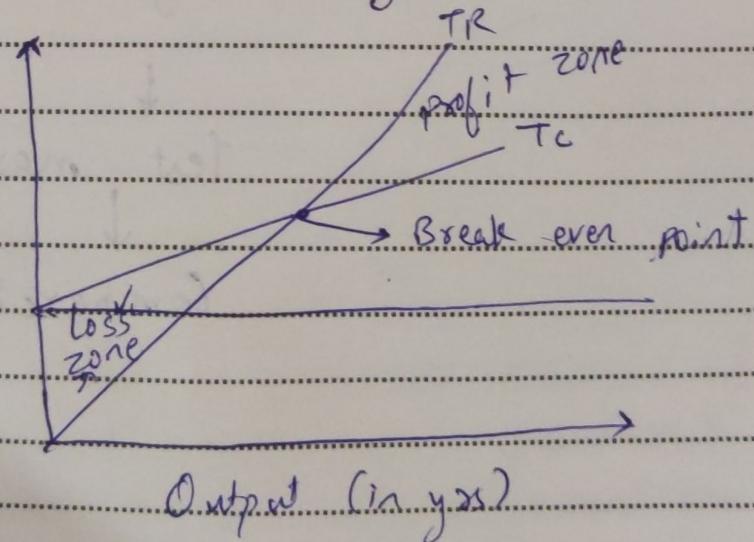
2) Idea Screening

- In this stage, the new product ideas are evaluated

(a) Cost benefit analysis

→ Tools used are:

- o Break even analysis.



Date: 23/09/2022

(2) Survey

(3) Availability of Investment (or Capital)

Capital
Rationing → Cost of + Supply of Capital

(4) Working Capital (liquidity)

(5) Excess capacity (idle capacity)

(6) How to procure raw material

(7) Are there any patent infringement
IPR - Intellectual Property Rights

3) Concept Testing

- After the new product idea passes through screening stage, the very product concept is tested.

Q1A

→ Whether the prospective consumers understand the product idea?

→ Whether they actually need such a product?

→ Is it a me too product?

4) Business Market Analysis.

- This stage is very important where large no. of analysis will be done

1. Financial Analysis
2. Economical "
3. Marketing "
4. Technical "

5) Prototype (Actual development of the product)

- Since market acceptance is very difficult companies don't go for large scale production straight away.
- Firms develop the new product idea into a physical product on pilot basis.

6) Test Marketing

- If test marketing succeeds, the companies approve for large scale production.

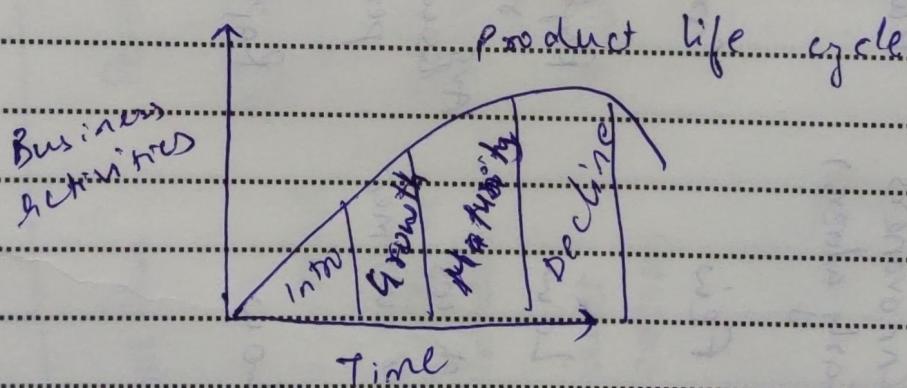
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a) Commercialisation

- This is the last stage of new product development when the company management gives green signal for large scale manufacturing.

Product Life Cycle (PLC)

- The innovation of a new product & its degeneration into ~~existing~~ common product



Date: 30/9/2022

Characteristics	Innovativeness	Customer Loyalty	Market Share	Competitor Activity	Sales Growth	Profit Margin	Customer Acquisition Cost	Customer Retention Rate	Maturity Stage	Decline Stage
Actionable Features	Customers	Highly Loyal	High	Few	Low	High	High	High	Growing	Stable
Initials	Innovators (Early adopters)	High	Medium	Low	Rapidly rising	Medium	Medium	Medium	Peak	Decline
Growth	Mature	Medium	Medium	Medium	Medium	Medium	Medium	Medium	Stable	Loss
Maturity	Mature	Medium	Medium	High	Medium	Medium	Medium	Medium	Recovering	High
Decline	Highly Diverse	Low	Low	High	Low	Low	High	High	Loss	Very High

Ogenuine

Marketing Strategy

Actions / Features

Intro . Growth

Maturity

Decline

Price Plus

Offer a basic product

Distribution

Advertisement

Penetration

Offer a warranty services

Place intensive distribution

Mass marketing

Competitor's
price

Diversification
(widens product mix)

Intensive distribution

Stress brand

Price cut
Please out weak product from the product mix.

Selective Distribution

Retail A
loyal customer

Date:

Date:

Price skimming

~~meaning~~

- The product is priced very high initially & gradually price will fall.
- e.g. Sony TV, Siemens

Price penetration

- The strategy is to penetrate the price sensitive market with very low price initially & then gradually rise price.

- e.g. Reliance Jio

~~Product nature~~

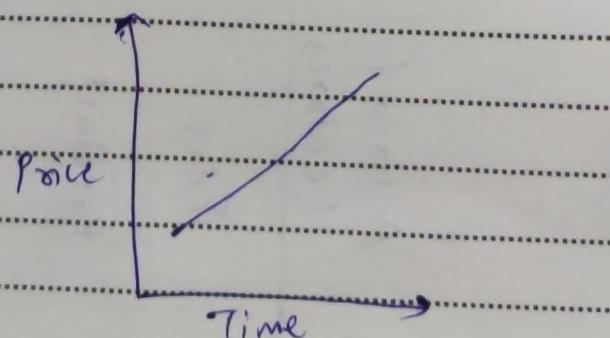
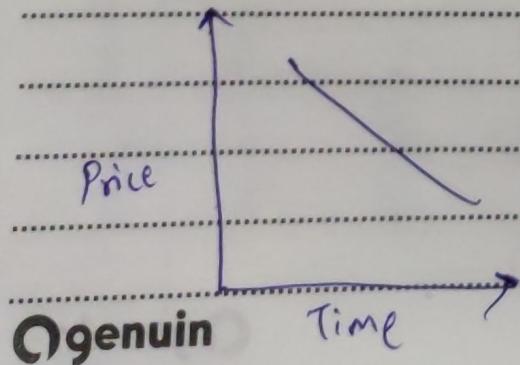
- Ideal for super luxuries - Ideal for mass product where innovation & technology is advanced features.
- consumed product with lot of substitutes

~~Consumer surplus~~

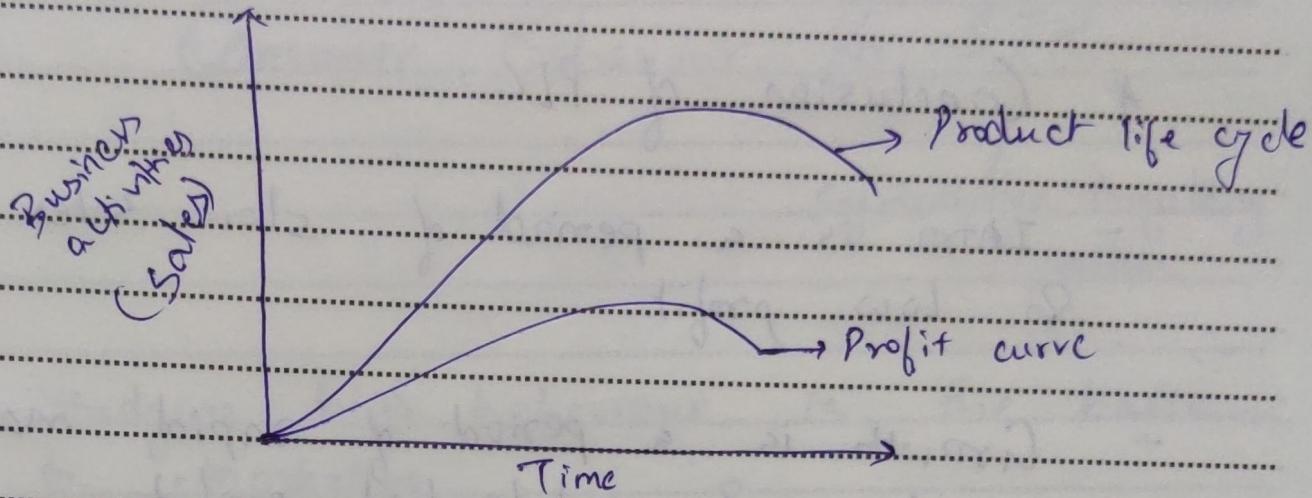
- High
- Low

~~Target market~~

- Upper class / Rich (Upper incomes)
- Poor (Mass) (Lower income)



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- These 2 curves helps the firm to analyse,

1. The product category
2. Sales growth & profit level
3. Different pricing strategy
4. The type of customers - Innovators, (opinion leaders) early adopters, (positive in their approach) early majority, skeptical " ") late majority, (traditional & choose the lagged new product only after wide market acceptance)

Date:

* Conclusion of PLC

- Intro is a period of slow sales growth & low profit
- Growth is a period of rapid market acceptance & substantial profit
- Maturity is a period of slowdown in sales growth when profit stabilize
- In Decline - sales slow down & profit erode

Consumer Behaviour & STP

Segmentation targeting position

- Studying bias behaviour is the basic to marketing
- In consumer behaviour, the marketer has to answer the following questions.
 - 1) How do consumer characteristics influence by behaviour?
 - 2) What are the factors that influence by behaviour?
 - 3) What major of psychological process influence consumer responses through marketing program?
 - 4) How do consumers make purchasing decisions?
 - 5) How do marketers analyse consumer decision making?
 - 6) Why consumer shift from one brand to another?

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→ Once there was a company called RP India Ltd. The company asked R&D & Prod. department to work in tandem with the marketing department. The CEO visited the company & asked the marketing manager to design a new product that ~~captures~~ caters to ~~through~~ the market need.

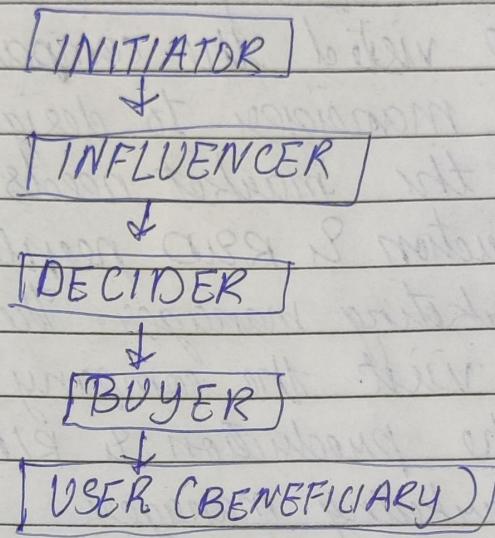
The prod. & R&D people did not co-operate with marketing manager. The CEO told that we will visit the comp 1 yr later & asked the prod. manager & R&D to cooperate with new production process.

1 yr later, the company CEO visited CEO after inspecting the prod. design made the following remark, "I don't want to see the prototype anymore in the lab." Here what CEO meant is approval for the new product.

Factors that influence Consumer Behaviour

I INDIVIDUAL FACTORS	II SOCIAL FACTORS	III INFORMATION	ENVIRONMENT FACTOR	INTERPERSONAL FACTOR	ORGANIZATION FACTORS
INDIVIDUAL FACTORS	SOCIAL FACTORS				
1) PERSONAL	1) Influence of intimate group ↳ Community ↳ Society ↳ Family	1) Advertisement 2) Hoardings 3) Salesman & Suggestions	1) Economic outlook 2) Technological change 3) Political & Regulations set up 4) Competitive environment	1) Authority 2) Status 3) Empathy 4) Persuasiveness	1) Objectives 2) Policies 3) Procurement procedure 4) Organizational structure 5) Systems
2) CULTURAL	2) Influence of FRIENDS				
3) PSYCHOLOGICAL					

* 5 Roles of Consumer



* Steps in Consumer buying process (Model) Consumer buying Model

Date: 14/10/2022

* Steps for consumer buying ~~model~~ process

- Every consumer goes through the following steps in the market.

1) Problem Recognition

- The buying process starts when the buyer recognizes a problem or a need.
- At this stage, the buyer feels himself / herself the need triggered by internal / external stimuli. eg. hunger, thirst, etc. movement from one place to another, etc.
- The R&D department invest heavily on such problem recognition & then develop prototype of the product.

2) Information search

- At this stage, the consumer may seek additional info about the product which he/she thinks is useful to satisfy his/her need.

- The info may be related to price, brand, quality, technology, discount offers, substitutes.

2) Evaluation of alternatives

- Once, the buyer has gathered the info, the next stage will be to evaluate the pros & cons, the five major aspects of each alternative available in the market, the belief/test created by the brand, the utility of the product before the purchase decision is made.

3) Purchase decision

- It is emotive
- It depends upon situational factors that may affect a purchase decision.
- Sometimes the attitude & opinion of others who strongly influence to buy product
- e.g. children are very much influenced by the parents to change their choice

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5) Post purchase behaviour

- The expectation of the buyer affect post purchase behaviour.
- When the product gives assured performance, the consumers might be satisfied.
- If he/she satisfied → repeats product purchase
" not → return / review

* Segmentation Targeting Position (STP):

→ Market segmentation

- is an act of dividing market into distinct group based on geographical criteria, income criteria or based on demographic profile.
- Is a method of achieving maximum market response from the consumers.
- Market segmentation facilitate tapping of the market.
- makes marketing effort more efficient
- in help of better use available

Date:

- It helps better use of fund available for marketing.

* Criteria for effective market segmentation.

D Sustainable demand

- 1) Access Accessibility
- 2) Achieve offer - within the budget
- 3) Measurable

* Market segmentation pattern:

- Normally 3 diff pattern emerge from consumers.

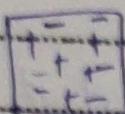
D Homogeneous pattern

- Here, all consumers have roughly same preferences

- In that case segmentation is not possible

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2) Clustered preference

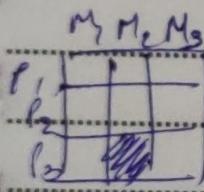


- Here people have diff preferences.
- Therefore, market segmentation is economical & profitable.

→ Target Market

- Any company can consider following 5 different pattern for targeting market

i) Single segment concentration.



- Here, the company gains strong knowledge of the segments needs
e.g.

ii) Selective specialisation



- Here the firm select a number of segments, each objectively attractive & appropriate.

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iii) Product specialisation

	M ₁	M ₂	M ₃
P ₁	1	0	0
P ₂	0	1	0
P ₃	0	0	1

- A particular product
- firm produces a particular product
 - ↳ offers in all the market

iv) Market specialisation

	M ₁	M ₂	M ₃
P ₁	1	0	0
P ₂	0	1	0
P ₃	0	0	1

- Here diff. products are offered in a particular chosen market

v) Full market coverage/concentration

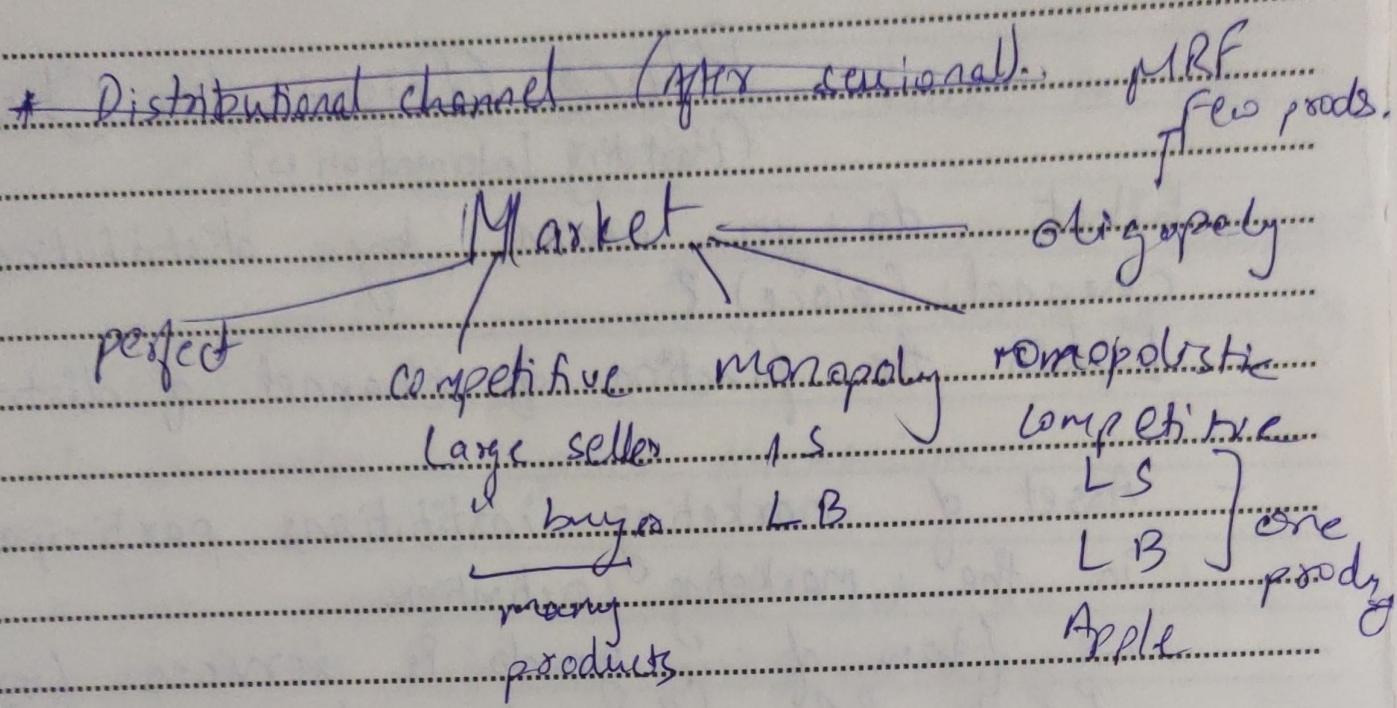
	M ₁	M ₂	M ₃
P ₁	1	1	1
P ₂	1	1	1
P ₃	1	1	1

Selecting

- Selecting a target market means:

- i) Understanding of market environment
- ii) Realistic assessment of market resources
- iii) Strategic approach to the ~~pro~~ market

Date:



Place (Distribution Channel) (Marketing Intermediaries)

What do you mean by distribution channel (place)?

Explain the function of channel of distribution.

- Asset of marketing institutions participating in the marketing activities i.e. flow of goods & services from

Point of production to Point of Consumption).

- The distribution channel takes care of the function of

1) Transportation

2) Warehousing

3) Inventory management

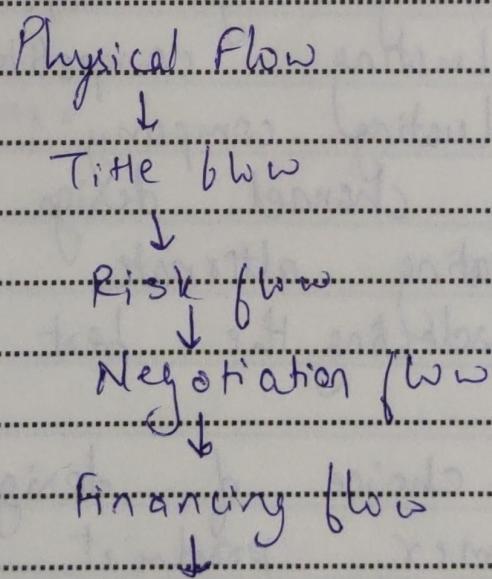
- Distribution Channel performs the following functions:

i) It provides physical movements of goods & services

ii) It minimizes the number of contact

- iii) It helps to break the bulk & cater to tiny requirements
- iv) It supply the product in suitable assortment
- v) It provide salesmanship & helps launching new product.
- vi) It helps in price mechanism

- The marketing channel act as chain agent & help in market intelligence
- It helps in the following set of flows



Information flows
 ↓

Promotion flows

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* How will you design place of distribution

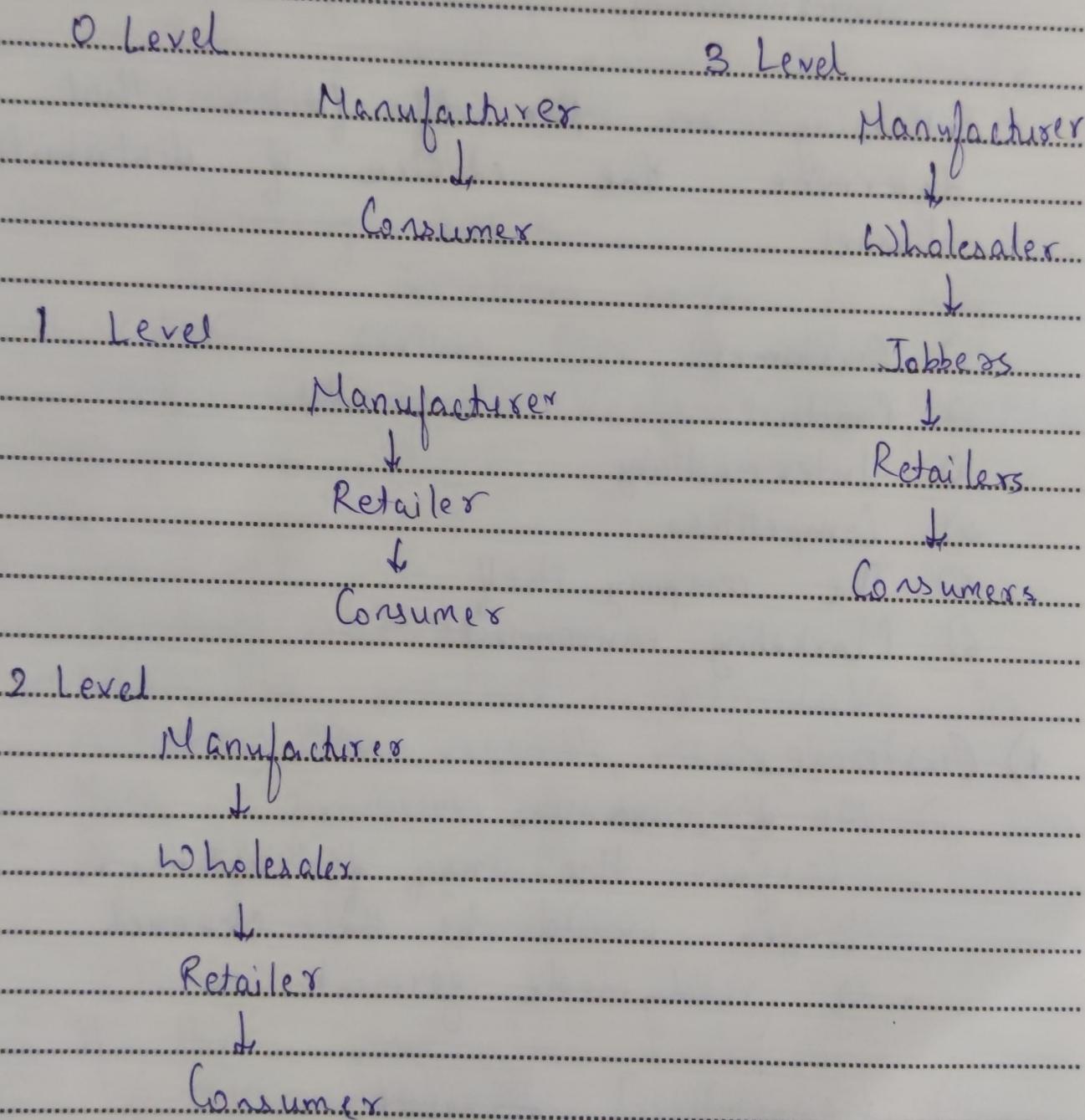
- Designing the channel system depends upon the following factors:

- 1) Formulating the channel objectives
- 2) Identifying the functions to be performed by the channel
- 3) Analysing the product & linking the channel design to product attributes
- 4) Evaluating the distribution environment including legal aspects
- 5) Evaluating competitors channel design
- 6) Evaluating company resources & matching the channel design to available resources
- 7) Generating alternate design, evaluating them & selecting the best one

- The choice of design depends upon consumer product or industrial product

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A typical consumer distribution design is as follows.



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* What are the factors that manufacturer consider before choosing marketing intermediary.

- Following are the diff. factors that determine the choice of distribution channel

- 1) Customer
- 2) Product
- 3) Intermediary
- 4) Competition
- 5) The company itself
- 6) Marketing environment

i) Customer

i) No of customers

- Larger the no of customers, longer would be the channel
- eg. ready made garments

ii) Geographical dispersal

- Longer channels e.g. if customers are scattered

iii) Purchasing pattern

- If customer purchase smaller quantity more frequently (Kirana stores), then product should be made available at more outlets.

iv) Buying habits.

- Buyers sometimes prefer to buy from certain type of outlet
- e.g. authorized dealers (cars, watches etc.)

2) Product

i) Product nature

- When the product is perishable in nature like vegetable, meat, fish etc then producer prefers short channel
- & if the products are very heavy, here also producer prefers short channel
- If the prod. has high unit value (equipment) then producer may directly sell to consumer

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ii) Servicing

- Producer prefers to sell to authorized dealers if product requires good amount of aftersale services.
- e.g. - 2 wheeler cars, motorbike, etc.

3) Intermediary

- If the product needs aggressive promotion like cold drinks, where special storage facilities can be provided by wholesaler, but small retailer may not be able to afford
- Channel that generates larger sales volume at lower unit costs will be given top priority.
- If the terms & conditions set by the wholesaler are ~~too~~ unfavorable, then the manufacturer in itself will act as wholesaler.

4) Competition

- The choice of channel also depends upon the pattern followed by close rivals (pepsi & coca-cola).

5) The company itself

- Company size, financial strength, product mix, overall marketing facilities, etc. influence the channel selection.
- Large company has a wider market so it can easily be in ~~cooperate~~ cooperation of intermediaries than the small companies.

6) Marketing environment

larger the amount of ^{resource budget}, better the quality of distributors available in the market.

- Market environment also influence choice of channel distribution.

During recession shorter channel is advisable, however during

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prosperity & boom, the company can choose large no. of outlets.

* Function of wholesalers:

- Wholesaler is in B2B model of business.
- Wholesaler differs from retailers in the following activities:
 - 1) Wholesaler pay less attention to promotion & location because they are dealing with business customers rather than final consumers.
 - 2) Wholesaler transactions are usually larger, both in physical quantity as well as in monetary terms.
 - 3) Wholesaler cover large trade area than retailer.
 - 4) Govt. deal with wholesaler & retailer differently in terms of legal regulation & taxes.

Function of ~~retailer~~ wholesaler

1) Penetration of market

- Setup sales course that helps manufacturer to find out small business customers at a relatively low cost. Since, wholesalers have more contact.

2) Buying & assortment building

- Wholesalers are able to select items & build assortments according to customers need, saving considerable time.

3) Bulk breaking

- Wholesalers achieve selling for their business customers through buying in large quantities & breaking the bulk into small units.



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4) Warehousing & inventory

- Wholesalers own inventories & thereby reducing cost & risk to the retailers.

5) Transportation

- Wholesalers can provide transportation & hence fast delivery.

6) Financing

- Wholesalers finance retailers by providing credit through bills.

7) Risk bearing

- Wholesalers absorb lot of risk by simply supplying market id. taking little & bearing the cost of debt, damage, spoilage & obsolescence.

8) Market Information & Intelligence

- Wholesax supply market info to both manufacturer & retailer simultaneously regarding competitor's activities, new prod. development, pricing strategy & so on.

* Retailers

- Retailing includes all those business activities involved in selling goods or services directly to final consumers (B2C) business model
- The level of service R can position themselves at any one of the following 4 levels

1) Self-service

- Self-service is the cornerstone of all discount operations
- Many consumers are "willing to carry out "locate, compare, select" to save **genuine** money.

2) Self selection

- Here consumer find their own goods in sophisticated modern format.
- Mall, department store, hyper market.

3) Limited service

- Here, R carry more shopping goods
as customers need more info,
- eg, car market

4) Full service

- Here, the R offer 24x7 full service,
at every stage of consumer need.

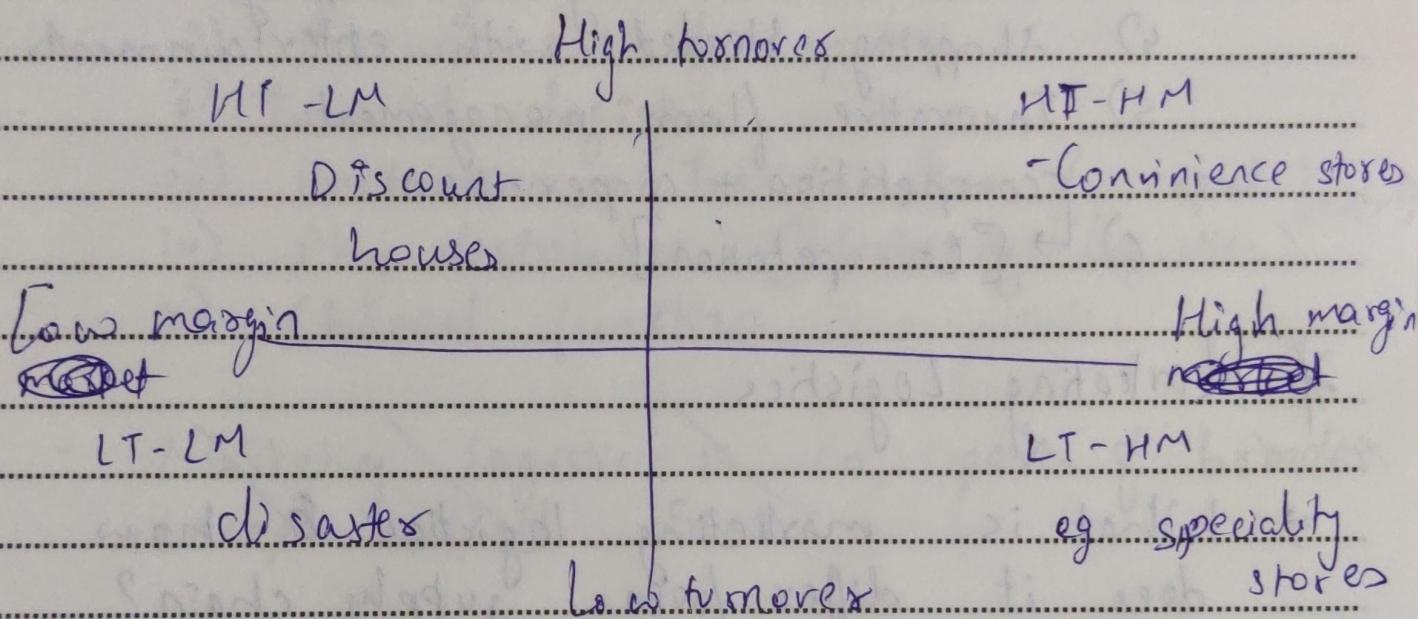
* Retailer functions

- 1) Choosing store location
- 2) Sourcing, buying vendor partnership
in SCM (Supply Chain Management)
- 3) Visual merchandising (Attractive display)
- 4) Inventory management

5) Real estate development

6) Innovative store operation (Apple store)

* Margin turnover framework



* Advantage of retailers.

- 1) Retailers facilitate better customer service.
- 2) R facilitate building brand loyalty.
- 3) R facilitate better control over outlet.
- 4) R are more appealing to visual merchandising.
- 5) Awareness about company & brand genuin

Date:

* Reasons for rapid spread of retailing

- 1) Quality product - low price
- 2) Improved shopping standards
- 3) Convenient stocking & display
- 4) Shopping blended with entertainment.
- 5) Innovative floor management
- 6) [competition + cooperation]
- 6) [Co-operation]

* Marketing Logistics

→ What is marketing logistics & how does it differ from supply chain?

- Physical distribution starts at the factory
- Managers choose a set of warehouses & transport carriers that will deliver goods at the final destination
- Any distri has now been expanded into the broader concept called Supply Chain Management (SCM)
- SCM starts even before physical

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distribution

- In fact, SCM refers to the whole business chain, encompassing
 - i) Procurement of inputs
 - ii) Inbound logistics
 - iii) Production - (Transformation of input to output)
 - iv) Phy distribution - (Marketing Logistics)
 - v) Channel function
- Marketing Logistic is a part of broader concept called SCM
- SCM facilitates the integrated functions of business i.e both procurement & logistics

SCM = Material Management +
End product distribution

- Marketing logistic is a part of SCM
- It involves, planning the infrastructure

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to meet the demand, then implementing & controlling the physical flows of material & final goods from point of origin to point of use to meet customer requirements at your profit

→ Marketing logistics
- It involves the following 4 steps:

i) Deciding on the company's value proposition to its customers
i.e. → what on-time delivery standards should be incorporated

① → What level should be attained in billing, accuracy & ordering.

ii) Deciding on the best channel design & network strategy
→ Should their company serve the customers directly or through intermediaries.

→ What product to source from & from which manufacturing

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facility

- How many warehouses to maintain?
- Where should the warehouses be located?

iii) Developing operational excellence

Your firm can achieve operational excellence in the following:

- a) Better inventory management
- b) Better material ..
- c) " transportation "
- d) " demand & sales forecasting

iv) Implementing solutions

- a) Best information system
- b) Best quality control procedure
- c) " customer feedback system

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* Activities involved in marketing logistics.

1) Production Plan

2) Sales forecasting

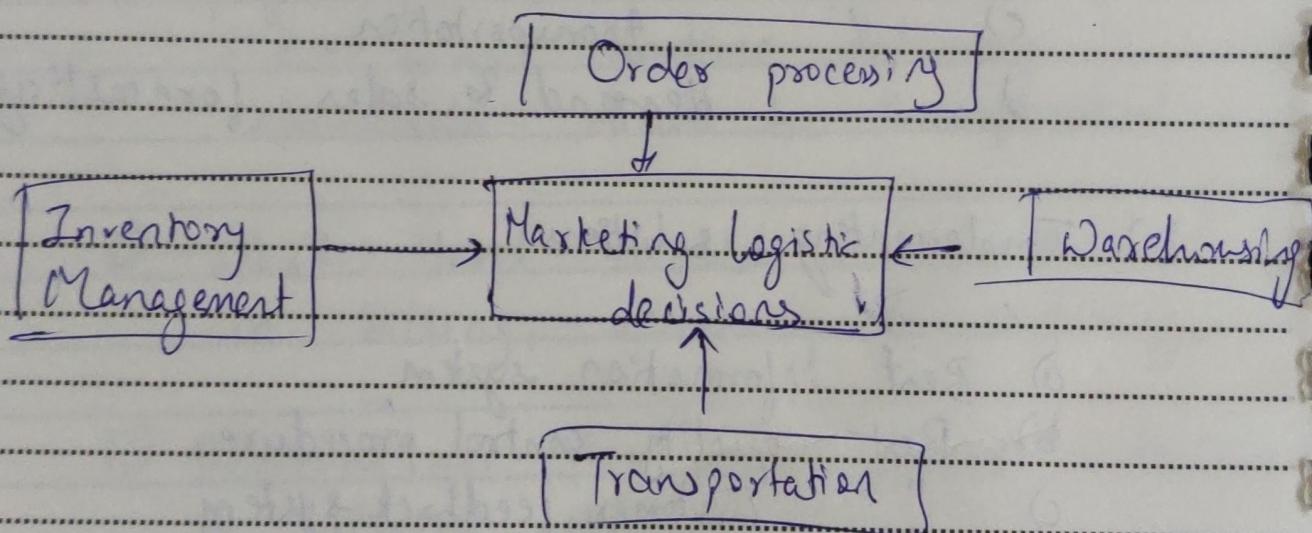
3) Order processing

4) Transportation

5) Inventory Management

6) Customer Delivery & servicing

* Marketing logistic decisions



i) Order processing

- How should the order be handled
- Most companies today are trying to shorten the order to payment cycle.
 - The time b/w
 - i) order received
 - ii) payment
 - iii) delivery
 - The longer the cycle takes, the lower will be customer satisfaction.

ii) Warehousing

- Where should the company stocks be located?

- One of the biggest challenge before com b/c every firm is how to match production schedule with consumption cycle
- Hence, warehousing facilitates storage function

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which helps to smooth discrepancies
betⁿ demand supply gap.

iii) Transportation

- How should the physical flow of goods & services from the P. o. prod to P. o. consumption
- Transportation choices will affect on-time delivery performance

iv) Inventory Management

- How much stocks be held?
- Inventory level represent a major cost
- Management needs to know how much sales & profit would increase as a result of carrying large inventory to promising faster order fulfillment time that makes a very challenging managerial decision

Chapter - Price Date:

→ Revenue generating P in marketing

- Price & sales volume together decide the revenue of any business

- Thus pricing is the most wider decision area in any marketing.

- It's competition that makes pricing very challenging & dynamic function

- Determination of price of product assumes immense significance

* Objective of pricing

1) To maximize profit

2) To keep stable prices

3) To face the competition

4) To achieve a target return

5) To achieve resource globalization

6) To expedite tax collection

→ How to set the price policy?

- The following ~~to~~ 6 step procedure

① Selecting the pricing objective



Determining demand



Estimating cost



Analyzing competitor cost / price offered



Selecting a pricing method



Selecting final price.

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1) Selecting the pricing objective

The company first decides where it wants to position the market offering (product)

- The 5 major obj. are

1) Survival

2) Max. current profit

3) Max. market share

4) " market skimming

5) Product & quality leadership

- The price will be appropriate catering to any one of the above objective

2) Determining Demand

- Estimating a company's demand is very important

- Each price will lead to a different level of demand

- e.g. Nirma detergent penetrated Indian wool market

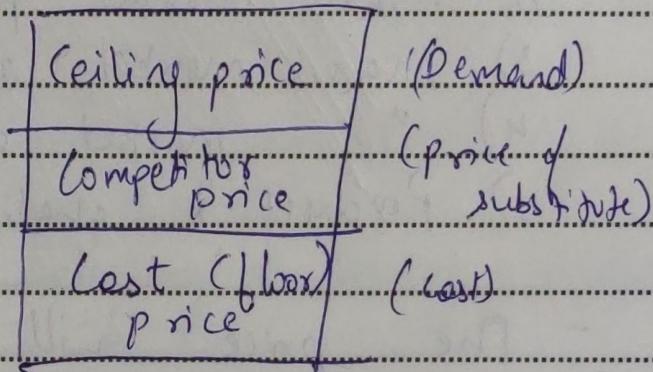
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by keeping low price

3) Estimating the cost

- While demand set the ceiling on the price, the cost sets the floor
- That's how the 3 C model came in price setting



a) Analyzing competitor's cost

- Within the range of possible prices determined by market demand & company cost, the firm must also consider competitor's cost, price & discount

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5) Selecting a pricing method

- A firm has wide range of choices.
eg-
 - 1) cost + pricing
 - 2) skimming
 - 3) price penetration
 - 4) what the ~~target~~^{target} ~~can~~^{afford}
 - 5) target rate of return
 - 6) perceived value pricing

c) Selecting the final price

- Finally, the company has to choose the best pricing strategy.
- While selecting the best price, the company must consider additional factors like customer's psychological drive, tax structure.