

ASSIGNMENT SOLUTION FOR DECEMBER CYCLE 2022

SEMESTER : 1

DATE : 13 November 2022

SUBJECT : MARKETING MANAGEMENT

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Solution for Question No : 1

Introduction

The majority of products are part of a larger product mix. They play a specific role in the product mix, which may include many different products with different positioning goals. This issue is addressed by Product Mix Pricing Strategies. When a product is a part of a production mix, the price-setting strategy often needs to be changed.

Concept & Application

In the urban market, the FMCG industry, like Herbal Life, sells a variety of FMCG products. As a result, there may be multiple product lines and strategic business units associated with each product. As a result, a product mix is created from each product in the line. The complete product mix will include the entire product line. Consequently, these items ought to be priced accordingly. Herbal Life will need to use the product mix strategies that are available.

As a consultant, I would opt for the following product mix strategies

- **Product Line Pricing**
Product line pricing is used when a product is made available with different variants priced differently. With a high variety of products, customers will not switch brands easily and will purchase one or the other product within the same brand. For instance, introducing if the Herbal life shampoo in both the adults and kids version, would make customers stick to that specific brand.
- **Optional Pricing**
This strategy involves setting a price for a base product and additional prices for extra features. For example, a Herbal Life oil could be charged with a fixed price. However, an additional price for a bottle that comes attached with an oil application comb could be given an additional price.
- **Captive product pricing**
This style of pricing is between products that must be used together. It can either be bundled or purchased separately. Here, a minimum margin is kept for the base product and higher margin is kept for ancillary product. For instance, a pair of multivitamin medicines which must mandatorily be consumed with each other could follow this strategy.
- **Product Bundling Pricing**
This pricing strategy sets a discounted price for a combination of two or more products. This is a strategy that a consumer would see in any supermarket and highly beneficial for consumer goods. For eg, in the case of Herbal life, the shampoo and conditioner will have different base prices. However, bundling it together with a discounted price

can be considered an example of product bundled pricing. The products bundled could be those that are complimentary or need to be used together compulsorily.

Apart from product mix pricing strategies, companies make a great use of another concept called Price Adjustment Strategies. Price adjustment strategies involve setting different base prices for a product to account for customer differences and the forever rapidly changing environment. In the case of Herbal Life, the following price adjustment strategies could be adapted.

- **Discount and Allowance Pricing**

This pricing strategy is highly common in the B2B markets. It is a strategy that involves setting a reduction in price to customers who indulge in purchasing the product in bulk, pay bills early and also for off season purchases. For instance, pharmacy dealers who purchase the medicines in bulk could avail a discount. Moreover, promotional allowances can be applied to reward dealers in participating in the sales promotions of herbal life. Based on the given scenario, the pharmacies can avail a discount from herbal life for placing fluxes of Herla life in the pharmacies.

- **Segmented Pricing**

This is a strategy which involves charging different prices to a single product for different segments where the difference in price is not attributed to the differences in cost. Segmented pricing can take many forms like customer segmented pricing, product form pricing, location based pricing, time based pricing, etc. With regard to Herbal life, its products could be segmented based on location or form. For instance, herbal life products could be charged a lower price in the rural markets as compared to the urban market. Moreover, medicines could be charged differently based on whether they are capsules or syrup.

- **Psychological pricing**

It is a pricing strategy which considers the psychology of prices and not economics. This means the price tells the customer something about the product. For example, charging a box of herbal soaps for Rs. 399 is an example of psychological pricing because it gives a feeling to the customer that the price range is within 300's although it is just one rupee less than 400.

- **Promotional Pricing**

Promotion pricing calls for temporarily pricing products below the list price, and sometimes even below cost, to increase short-run sales alongwith buying excitement and urgency. Promotional pricing could take the form of discounts from normal prices to increase sales and reduce inventories. Also, special-event pricing in certain seasons to draw more customers could be used. At herbal life, the dealers can be encouraged to conduct stock clearances sales for a day or so for Herbal life product(s) to quickly decrease the inventory and increase sales.

- **International Pricing**

Companies looking to enter international markets usually indulge in international pricing. Here, the same product is charged differently to customers across the world. For example, Herbal life products prices will be different in other countries when compared to India.

Conclusion

The pricing structure of a service has an impact on its growth and survival, success, and company reputation. Consequently, the valuation ought to be taken into consideration because it has a significant impact on the remaining procedures of the business. Herbal Life's revenue-sharing strategy is based on its pricing strategy. Using the above product mix and price adjustment strategies, Herbal life, which is in the FMCG industry, needs to make sure that customers are familiar with the brand and can get it. Herbal Life would, in my opinion, be a formidable rival to the established players in the FMCG sector if it adopted the aforementioned strategies.

Solution for Question No : 2

Introduction

The term "marketing mix" refers to a business's adaptation of a variety of tools, concepts, and strategies to generate, sustain, and grow demand for a product or service in the market. It is an important component of the marketing mix. Making a product or service known to and accessible to the intended audience is part of the promotion mix. Advertising, public relations, personal selling, sales promotions, and direct and digital marketing are all used in promotion mix to engage customers, convey value, and cultivate customer relationships.

Concept & Application

The FMCG sector is extremely competitive and dynamic. Therefore, Herbal Life will need to utilise the following set of promotional tools in order to maintain a distinct place and value in the hearts of customers.

- **Advertising**

One of the oldest and most common ways for businesses to market their products to the general public is through advertising. It is basically a paid form of nonpersonal presentation and promotion of a company's ideas, products, or services. A company's products and services can be introduced, engaged, and educated to customers through advertisements.

Similarly, Herbal Life may rely heavily on advertisements to market their products. During budgeting, Herbal Life will need to allocate adequate funds for advertisements. Their products can be promoted through a variety of means, including television, radio, publications, and newspapers. Additionally, celebrities or other experts could be utilized by Herbal Life to promote and endorse their brands. Customers would be made aware of the brand Herbal Life and constantly reminded of it if advertisements, hoardings, and fluxes were placed in newspapers, magazines, the internet, television and everywhere in the locality. The same thing can be done with pamphlets that are attached to print media.

- **Sales Promotions**

Any movement that guides in the increment of deals of an item or administration is named as deals advancements. Incentives for target customers, retailers and wholesalers, business customers, and sales force are all part of sales promotions. Getting products purchased as quickly as possible is extremely beneficial.

Herbalife could make extensive use of tools for sales promotion in this situation to increase product consumption and awareness. Some of the instruments are:

- **Consumer Promotions** : It involves offering a free trial of a product or service in minimal quantities to final consumers. Some of the techniques used are : sampling, coupons, cash refunds, price packs, premiums, promotional products, point-of -purchase promotions, contests, games, sweepstakes, etc.
Likewise, Herbal life can make use of sampling technique by attaching free samples of their shampoos (for eg) to newspapers or magazines. Also, Herbal life can bind these samples as compliments with established products or separately. Herbal life can also make use of price packs with BOGO(Buy One Get One) offers for the cost of one. Along with this, related products r(for eg: shampoo and a conditioner) can be banded together with a discounted price. Promotional products like coffee cups, bottles, etc can be offered as gifts which contain the Herbal life logo. Event marketing can also be used by Herbal life where it can become sponsors to various events like festivals, concerts, marathons, etc that may be funded for a social cause.
- **Trade Promotions** : It persuades resellers to push a particular brand to the consumer. Trade promotions involve encouraging the resellers to use additional inventory, space, promote ads, etc. Herbal life can use various trade promotion tools to promote their brand. For instance, Herbal life can offer incentives to supermarkets for placing their products in easily noticed places. Free goods like extra cases of merchandise can be offered by Herbal life to encourage everyday low pricing to consumers.
- **Business Promotions** : The promotions generate business leads, stimulate purchases, and motivate customers and salesforce. For example, Herbal life can organise trade shows and put up stalls to promote their shampoos and soaps in the B2B markets like the hotel industry so that hotels can purchase them in bulk. This would make the brand more reachable and give hotel occupants a chance to try out their products.
- **Personal Selling**
It involves the use of salesforce to sell products and services to business customers and consumers. Herbal life, in this case, can also use personal selling by appointing sales representatives for a particular area, where they can conduct door to door promotions and sales of products. Also, it can appoint representatives in supermarkets to exclusively promote and sell Herbal life products alone.
- **Public Relations**
A set of activities that help a company maintain a healthy relationship between various company publics is called public relations. Some of the functions involved in public relations are press relations, public affairs, investor relations, development, etc. With regard to this scenario, Herbal life can promote their brand and products by creating newsworthy information to attract their brand to a large audience.
- **Direct and Digital Marketing**
Direct Marketing is used by businesses to build offers that cater to the needs and interest of a particular segment of consumers. It involves the process of marketing without intermediaries. Some of the direct marketing techniques are catalogue companies, mailers and telemarketing, etc. Digital marketing involves marketing using digital technologies like emails, social media, mobile apps, etc. Herbal life can promote their brand through direct and digital means. For example, Herbal life can create websites, online videos, blogs and other searchable digital content to increase the reach of their brand. It can also create pages on social media sites like instagram, facebook and conduct campaigns to facilitate user interactions, brand endorsements by celebrities through these pages.

Conclusion

Herbal Life needs to make an effort not only to inform customers about their brand but also to provide them with an opportunity to become familiar with the product experience as soon as possible. Herbal Life must choose the right combination from the available promotion mixing tools due to the fierce competition in the FMCG industry. Herbal Life would thus gain a distinct name and value for its brand in comparison to its competitors if the aforementioned strategies and methods of promotion were carefully chosen and appropriate funds and resources were allocated for them.

Solution for Question No : 3a

Introduction

Before actually making a purchase of any product, the customer would need to go through a series of steps. This set of procedures that aid customers in making an informed purchase decision is referred to as the buyer's decision process. All customers who intend to purchase a product with significant brand differences and high levels of involvement can benefit from the same. It aids customers in making educated purchasing decisions. Whether a consumer wants to purchase a product that has just been launched or one that is already in the market, the decision-making process varies.

Concept & Application

Here, Mr. Raj wants to buy a new phone. Since the mobile phone is a consumable that falls under significant brand differences and high level of involvement, Raj will have to go through a series of steps in his decision process. Raj will have to systematically perform these actions sequentially in order to arrive at a well informed decision to help minimise customer dissonance.

- **Need Recognition**

The buying process would normally start with need recognition. Here the buyer recognises the problem or need of buying something. Raj, here has recognised his need to purchase a new mobile with the latest features. It could have been raised by an internal or external stimuli. However, this need would further urge him to carry out the remaining steps as listed below..

- **Information Search**

This is the very next step of any buying decision process. An interested consumer would normally start gaining more information about the various choices available in the market from different sources namely :

- Commercial Sources : Companies websites, sales promotions, advertisements, etc
- Personal Sources : Friends, family members and other close acquaintances.
- Public sources : Websites, Blogs, Online ratings and reviews, etc.

In a similar vein, Raj will seek additional information from his immediate contacts, such as friends and family. He will also look into the matter with the assistance of online blogs, social media, company websites, and phone reviews and ratings on online retailers like Flipkart and Amazon. Price, features, warranties, after-sales service and support, exchange offers (if any), and other details will be included in the information.

- **Evaluation of alternatives**

The consumer would have gathered sufficient and additional information about the products and their competitors at this point. This is the stage where the available information is processed by the buyer to choose from the available alternatives in the market. Raj will compare all the phones to each other and to the phone he already owns (if any). He has all of the data gathered about the various mobile phones that are available on the market that are in line with his budget. He will conduct an in-depth investigation of various parameters, including the price, features, reviews, upkeep, and support. Raj will be able to make an informed purchase decision thanks to this in-depth analysis.

- **Purchase Decision**

It is a crucial stage where the buyer now decides what to buy based on the evaluation and in depth analysis of the available choices. Raj will shortlist the brands based on the price, features, after sale support, etc and thereby rank the same. After ranking Raj will decide on one final brand and proceed to purchase the desired brand.

- **Post purchase Behaviour**

This is the final stage which occurs after the customer purchases a product. This behaviour expressed by the consumer will be either positive or negative. Positive, meaning that the consumer is highly satisfied with the product. Negative, says that the consumer is not satisfied and regrets the purchase. In the same way, Raj also would express a similar nature after buying the phone. If the phone purchased has met the expectations of Raj in terms of features, usage and value, he would be satisfied. If not, he would experience cognitive dissonance, which is nothing but a discomfort post the purchase.

Conclusion

If a customer wants to purchase a product and minimise the after-sale comfort associated with the purchase, they must adhere to the five stages listed above. Therefore, Raj will have to go through all of the stages, from awareness to adoption, just like any other buyer, to ensure that he is completely satisfied even after purchasing the phone.

Solution for Question No : 3b

Introduction

Our lives, today, revolve heavily around mobile applications. Mobile apps have made everything just a click away. And that's one of the key reasons for the flourishing app business. The rapid dispersion of smartphones and availability of low-cost data plans, has made some best stock market apps a great platform for investors to trade in the stock markets. Today, with the advent of smartphones, any individual across the globe can indulge in mobile trading using thousands of apps available in both App store and Google Play Store.

Concept & Application

For any stock marketing app to survive, it needs to be easy to use, less priced, beautifully designed and facilitate a seamless online real time trading experience to the users. Hence, Global Stock requires to cater to the above criteria in order to be differentiated from its existing

competitors. Global Stock should invest an adequate amount of time, funds and efforts to promote the app both through online and offline modes. Some of the ways that would help promote the app online are :

- **Websites**

Creating a webpage website dedicated to the mobile app is a technique commonly adopted by most of the brands. The website would give a deeper insight of the app in terms of its user experience, features, price technical support, instructions, etc. Likewise, launching a website or page would not only help Global Stock determine the credibility of the app but also supplement its efforts for recognition in social media. The website can direct potential users to glance through the offerings and features along with a demo video. Moreover, a free sign up option can be availed by the users which would help them be notified once the app is live.

- **Social Media**

As people are relying heavily on social media for the voluminous information it helps the audience become aware of the latest offerings available in the mobile world. Therefore, Global Stock needs to create a presence in social media by creating accounts and pages on social media platforms like Facebook, Instagram, Youtube, Twitter, etc. Doing so will help Global Stock communicate with the audiences on a large scale both with regard to providing information and as well as receiving feedback from them for future improvements.

- **App Search Optimization**

Just like Search Engine Optimization(SEO), involves working towards making a website easily recognisable and highly ranked by Google, App Search Optimization(ASO) is the technique of providing a high ranking to the app in both the App Store and Google Play Store. Global Stock needs to improve the ranking of its app on app store search results for its primary keywords.

- **App Store Ads**

Just like Google Ads, app store ads run on a pay-per-click campaign. They are paid ads running on the App store which greatly help in enhancing the visibility of the apps. Global stock can have paid ads that would highlight their app to potential users who are in search of apps catering to similar domains. It is estimated that the average conversion rate for Apple Search Ads' is 50%, proving the potential impact they can have on the app performance.

- **Influencers and Celebrity Endorsements**

Social influencers today have been heavily depended on by app users for app suggestions. It is proved that nearly 45% of the users depend only on social media influencers for app suggestions. Similarly, Global Stock can research any influencers or experts available matching this industry and approach them to promote the app through their verified pages, websites or youtube channels.

Conclusion

Sky's the limit for app promotion. Developing an exceptional mobile app alone does not ensure success. Proper time, funds and resources need to be invested on its promotion as well. Therefore, Global Stock has to thoroughly engage in creating an efficient app user acquisition strategy to encourage the right quality of audience to download and start using the app.