

# Marketing Management

**Marketing** is satisfying needs & wants through exchange process.

**AMA:** It is the activity, set of institutions, & processes for creating, communicating, delivering, & exchanging offerings that have value for customers, clients, partners & society at large



# What is Marketed

Goods      Services

Events      Experiences

Persons      Places

Properties      Organizations

Information      Ideas



# Core Marketing Concepts

- **Needs:** basic human requirements such as for air, food, water, clothing, and shelter
- **Wants:** specific objects that might satisfy the need
- **Demands:** wants for specific products backed by an ability to pay



# World Powerful Brands

<https://www.forbes.com/powerful-brands/list/#tab:rank>

Rank	Brand	Brand Value	1-Yr Value Change	Brand Revenue	Company Advertising	Industry
	#1 Apple	\$205.5 B	12%	\$265.8 B	-	Technology
	#2 Google	\$167.7 B	27%	\$136.2 B	\$6.4 B	Technology
	#3 Microsoft	\$125.3 B	20%	\$110.2 B	\$1.6 B	Technology
	#4 Amazon	\$97 B	37%	\$211.4 B	\$8.2 B	Technology
	#5 Facebook	\$88.9 B	-6%	\$48.8 B	\$1.1 B	Technology
	#6 Coca-Cola	\$59.2 B	3%	\$23.8 B	\$4.1 B	Beverages
	#7 Samsung	\$53.1 B	11%	\$221.6 B	\$3.6 B	Technology

	#8	Disney	\$52.2 B	10%	\$33.8 B	\$2.8 B	Leisure
	#9	Toyota	\$44.6 B	0%	\$190.8 B	\$4.6 B	Automotive
	#10	McDonald's	\$43.8 B	6%	\$96.1 B	\$389 M	Restaurants
	#11	AT&T	\$41.3 B	-1%	\$170.8 B	\$5.1 B	Telecom
	#12	Louis Vuitton	\$39.3 B	17%	\$15.5 B	\$6.5 B	Luxury
	#13	Intel	\$38.8 B	14%	\$70.8 B	\$1.2 B	Technology
	#14	NIKE	\$36.8 B	15%	\$36.7 B	\$3.6 B	Apparel

# Marketing Mix (4Ps)

Marketing activities product, distribution, promotion & pricing that a firm can control to meet the needs of customers within its target market



# PRODUCT

Goods, USP, brand name, quality, packaging (Starbucks Coffee USA- 1971, China-1999)

## 1. FMCG (Fast Moving Consumer Goods)



- HUL (Hindustan Unilever Limited), UK, <https://www.hul.co.in>
- P&G (Procter & Gamble), USA, <https://in.pg.com>
- Nestle, Switzerland, <https://www.nestle.in>
- Dabur, India, <https://www.dabur.com>
- ITC, India, <https://www.itcportal.com>



# 3 Segments in FMCG sector

## 1. Household & Personal Care

50%

## 2. Food & Beverages 19%

Total salty snacks market India Rs 29,000 crore, with annual growth of 24%. Health snacks sub-segment is 2% of the overall snacks market.



### **3. Healthcare 31% (OTC)**

Moov, Krack heel cream

D'Cold, Itch Guard, Chyawanprash

Himani Fast Relief,

Mentho Plus balm.

GlaxoSmithKline,

Sanofi-aventis, Emami, Dabur,

Reckitt Benckiser. Marico.



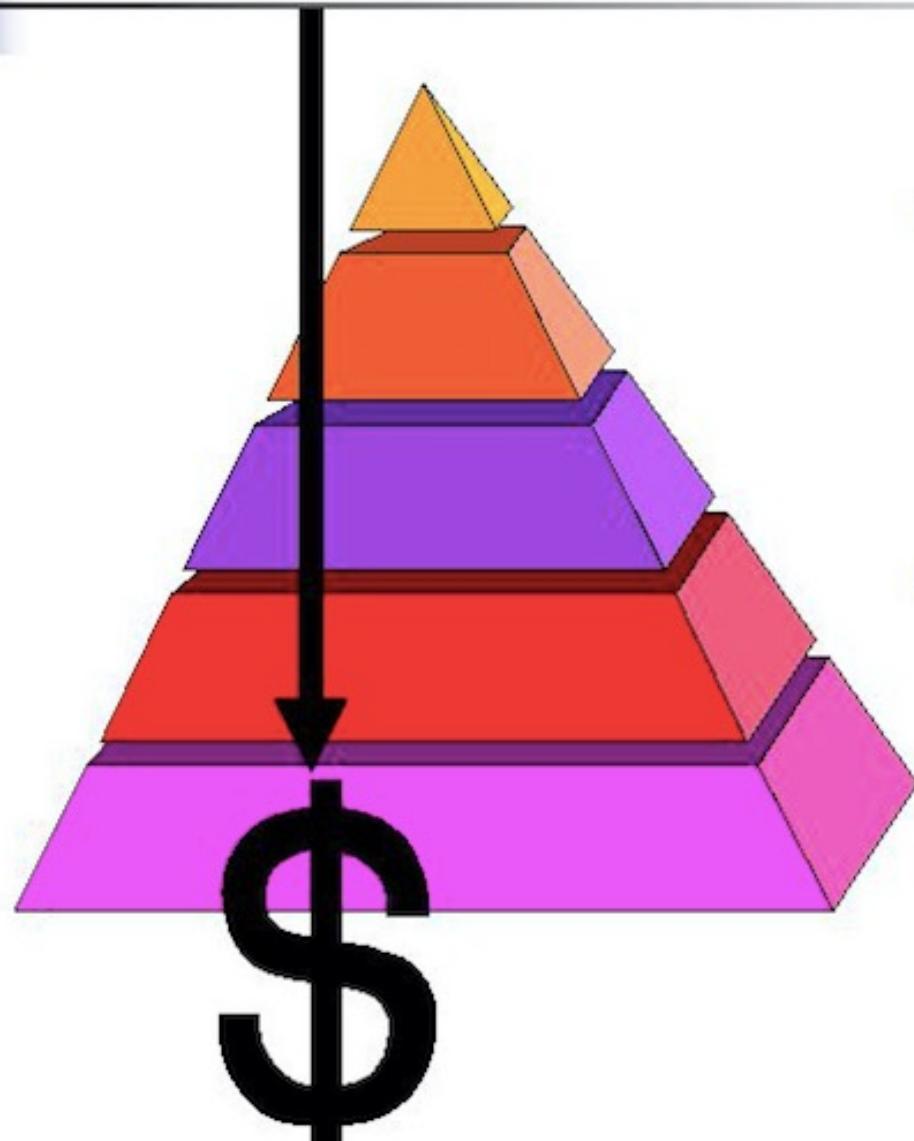
## 2. DURABLE GOODS

(goods that last for long time)

e.g tv, refrigerator, laptop, mobile



# Penetration Pricing



- This approach aims toward the mass market to gain high sales volume.
- Goals are volume and market share.

# Skimming Pricing

- Initially the products will be introduced in a high price and subsequently settle down for a lower price.
- Example: Mobile Phones, Televisions etc.. Most of the electronic items.



# EDLP (Every Day Low Price)



# Psychological Pricing



# PLACE (Distribution Channel)

how product is distributed from manufacturer to end consumer.

## 1. 3 level distribution channel



(CFA: Carrying & Forwarding Agent)

## 2. 2 level distribution channel



# Place (distribution channel)

## 3. One level distribution channel

M → Retailer → C

## 4. Zero level distribution channel

M → C

Oreo- USA 1912, Cadbury Oreo India  
2011

## Advertising

- Any paid form of nonpersonal presentation and promotion of ideas, goods, or services presented to a mass population.

## Sales Promotion

- A short-term incentive utilizing coupons, signs, deals, samples, etc. to encourage sales.

## Personal Selling

- Includes sales tactics such as door to door sales, sales people, travel agents, and anything that deals with one on one communication.

## Public Relations

- PR deals with larger events, news broadcasts, and other stories that require journalists to communicate break-through messages.

## Direct Marketing

- Connects directly to a targeted customer via telephone, email, or good old snail mail for example.

# Current Statistics India 2022

- Population- 1.4 Billion (140 crores)
- States-29, UT-7
- No. of cities and towns- 4,000
- Total villages in India- 7 lakhs
- Population of UP- 22 crores, 1.5 lakh villages
- Current FMCG Market- 5 lakh crores



# Concepts in Marketing

**Production Concept** -consumers prefer products that are widely available and inexpensive.

- Managers of production oriented businesses concentrate on achieving high production efficiency, low costs and mass distribution.
- Consumers are primarily interested in product availability and low prices.

**Product Concept**- Consumers favor those products that offer the most quality, performance or innovative features.

- Managers in these organizations focus on making superior products and improving them over time.
- Buyers admire well made products and can evaluate quality and performance.



## Selling Concept

- Organizations undertake an aggressive selling & promotion effort.
- Aim is to sell what they make rather than make what market wants.

## Marketing Concept

- Key to achieving organizational goals consists of the company being more effective than competitors in creating, delivering and communicating superior customer value to its chosen target markets.
- It rests on four pillars: target market, customer needs, integrating marketing and profitability.

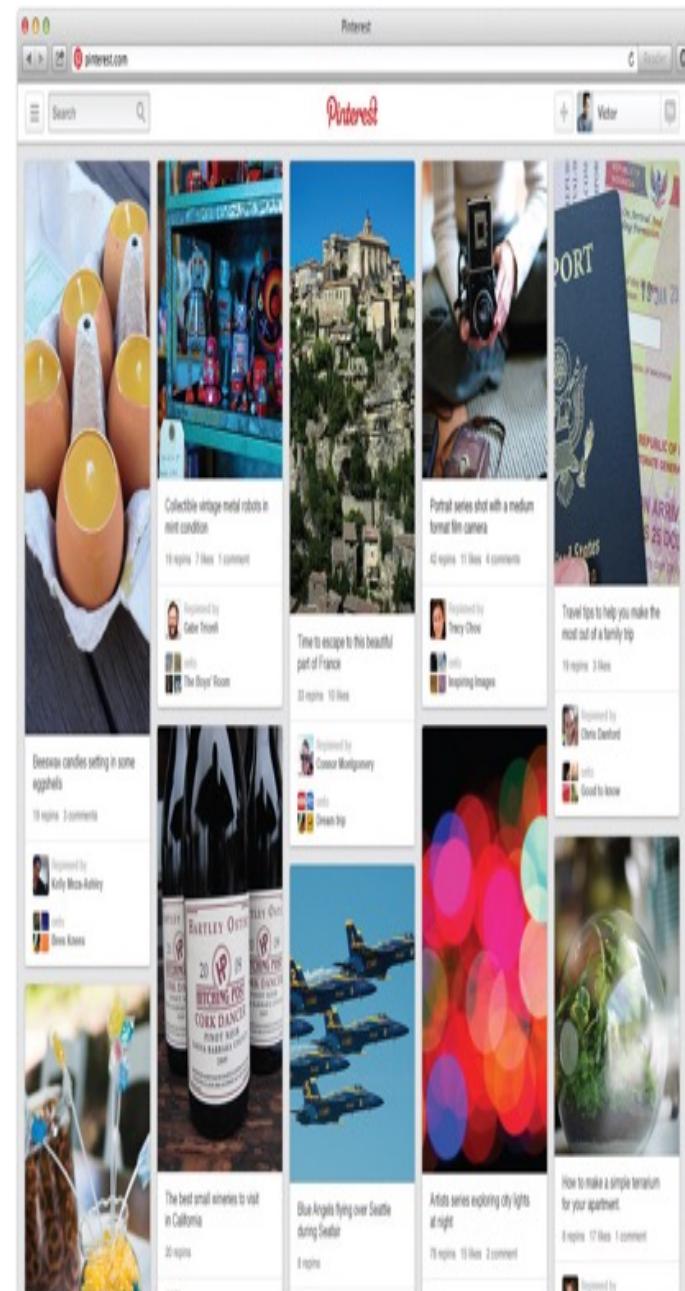


# Societal Marketing Concept

- Company should make good marketing decisions by considering consumers' wants, the company's requirements, and society's long-term interests. Linked with the principles of CSR
- (ITC e-choupal)

# Relationship Marketing

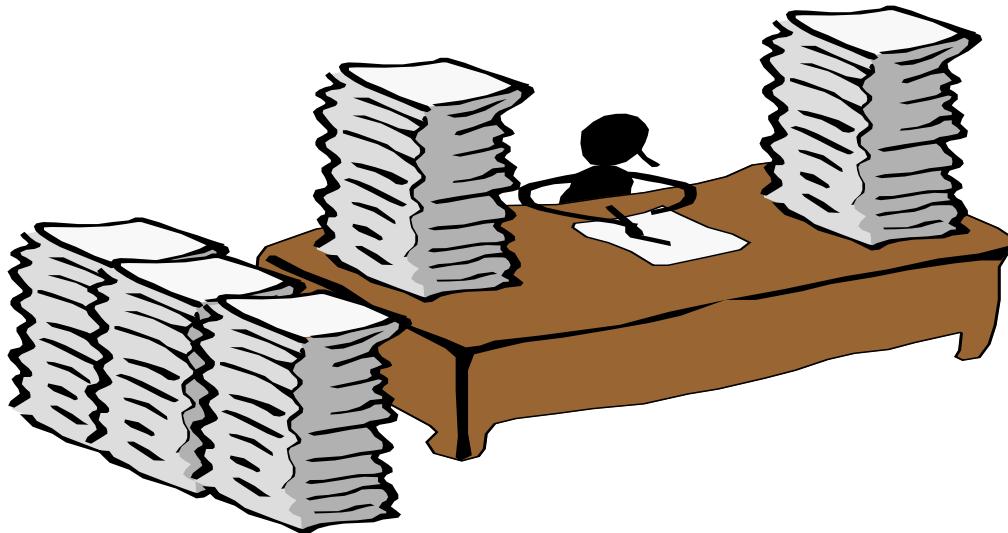
Building long term mutually satisfying relations with customers, suppliers, distributors in order to retain their long term preference and business.



# • Customer Relationship Management (CRM)

Using information about customers to create marketing strategies that develop and sustain desirable customer relationships

- Identifying buying-behavior patterns of customers
- Using behavioral information to focus on the most profitable customers



# 4Ps- Product, Price, Place, Promotion

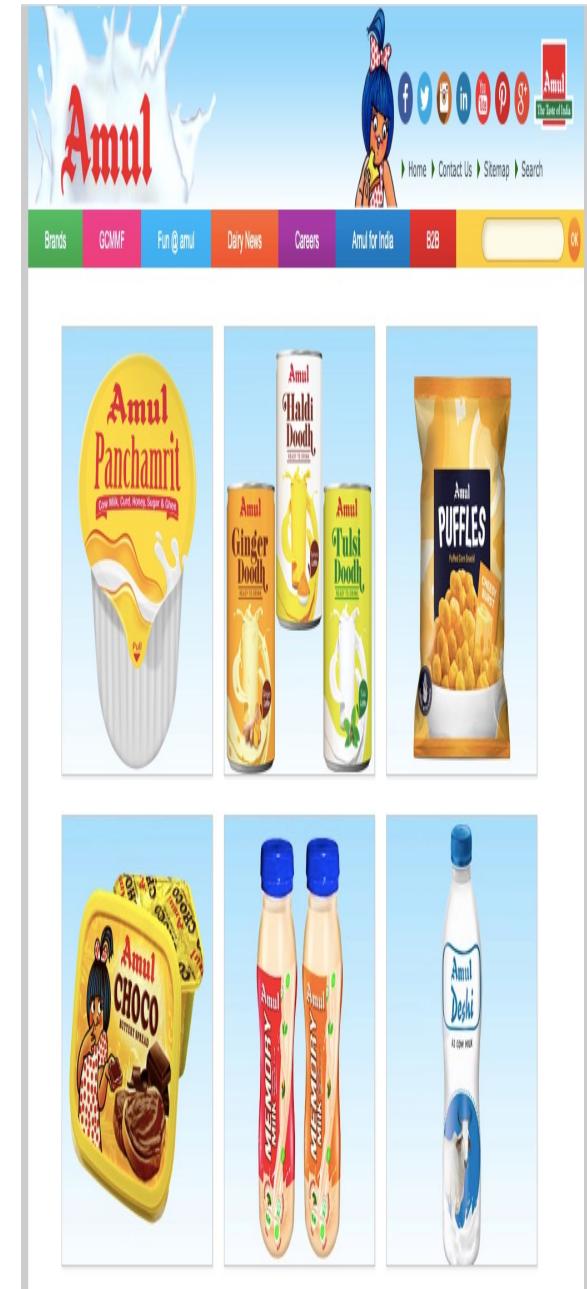
## 4Cs- Cr solution, Cost, Convenience, Communication

## 4As- Acceptability, Affordability, Accessibility, Awareness

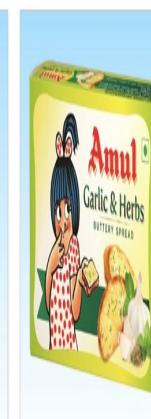


# AMUL CASE STUDY

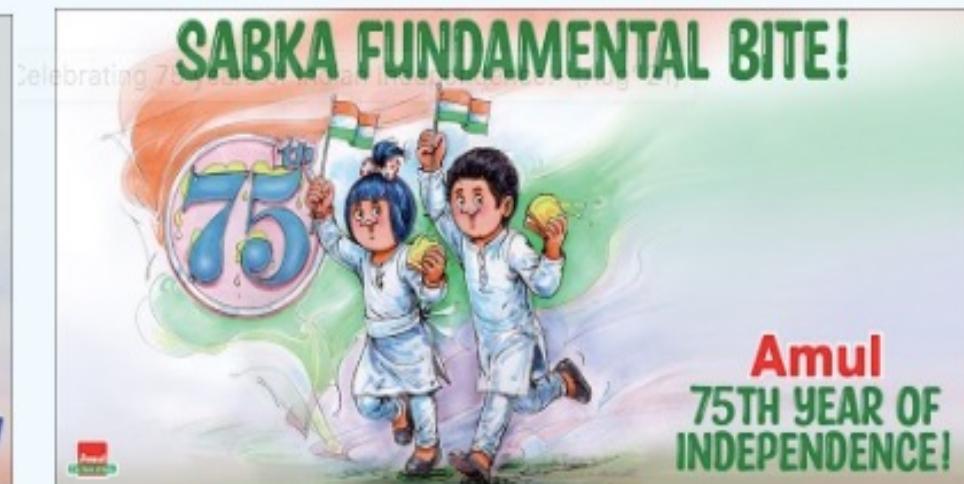
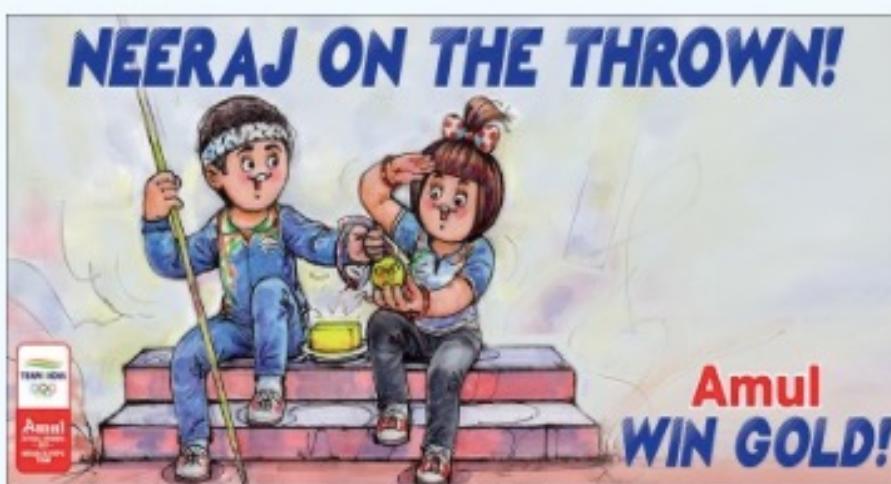
- Amul clocked revenues of Rs 38,550 crore in FY20.
- It has distributor network of 10,000 distributors and 10 lakh retailers.
- During March- June 2020, Amul saw 30% growth in its cheese category.
- This growth was despite orders from the HORECA (Hotel Restaurants and Catering) segment falling to almost zero.
- HORECA segment accounts for 35% revenues for cheese category.



- Chocolates category had exponential growth. Amul which usually sees highest sales for segment in Dec-Jan, high sales for chocolates in May-June.
- Quick meals, packaged foods and ready to eat products saw huge spurt in demand during lockdown.
- Amul usually launches 10-12 products every quarter.
- Amul made history with 33 product launches, highest ever in single quarter during covid 2020.
- Launches of immunity beverages like 'Haldi Doodh', 'Panchamrit' along with launches under bakery, ice-cream & cheese category.
- Company looking beyond dairy segment and plans to launch frozen foods and ready-to-eats.



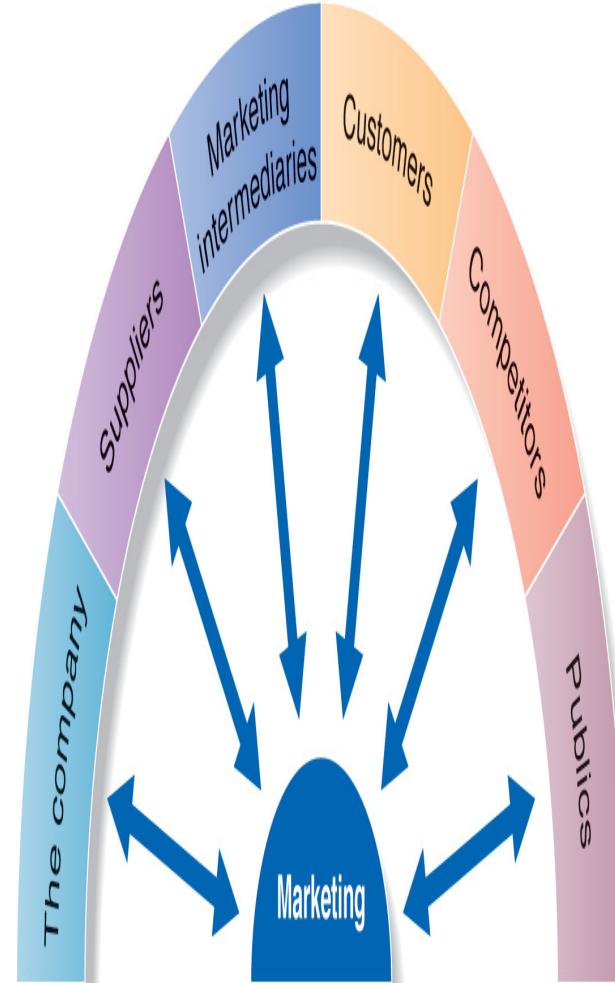
- Amul also looking at ramping up its presence in packaged sweets segment. Amul already sells packaged sweets like Gulab Jamun and Rasmalai.
- Packaged sweets space, production will be starting shortly in Amul's Gujarat and Mumbai plants.
- For frozen foods, Amul is setting up a large potato processing plant in Banaskantha (North Gujarat).
- Plans to roll out products French Fries, Aloo tikki and even cheese and Paneer Parathas.
- At present, ITC and McCain have an established presence in frozen foods space.



# Marketing Environment

## Microenvironment

- The company:
  - Management, finance, research & development, purchasing, manufacturing, accounting, and human resources
- Suppliers
- Marketing intermediaries:
  - Resellers
  - Physical distribution firms
  - Marketing service agencies
  - Financial intermediaries



# Microenvironment

- Customers: Consumer, business, reseller, government, and international markets
- Competitors
- Publics:
  - Financial
  - Media
  - Government
  - Citizen-action groups
  - Local
  - General
  - Internal

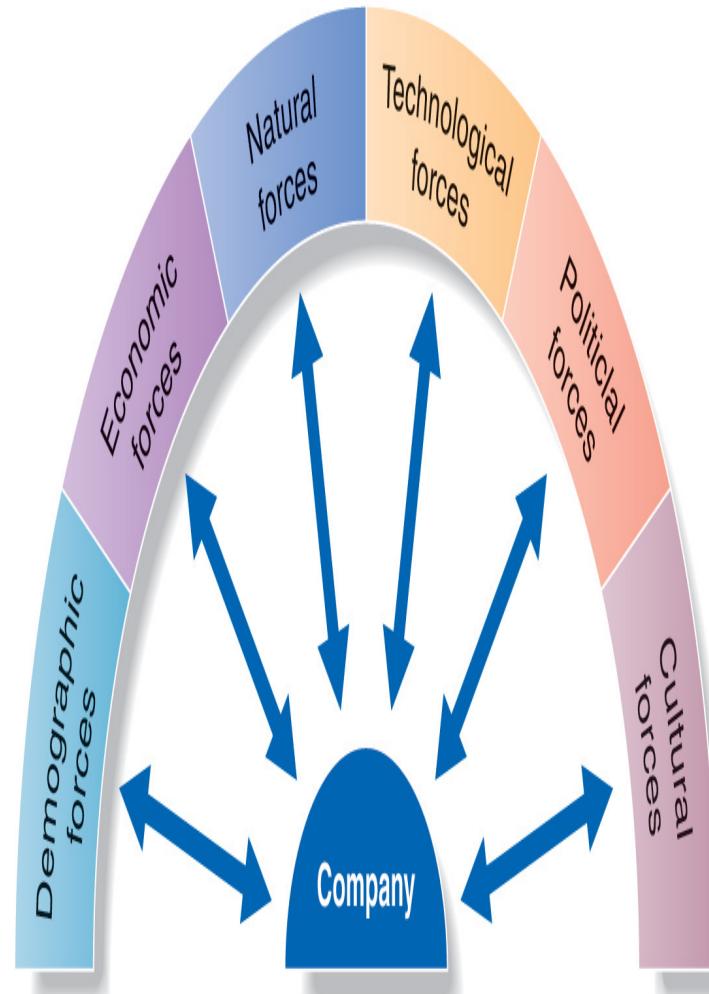
# Macroenvironment

## Demographic environment:

- Study of human population
- Size, density, location, age, race, sex, occupation, and education

## Trends of interest:

- World population growth
- Increased diversity
- Changing age structure
- Changing households
- Higher education
- Geographic shifts



# **Demographic Environment**

- Worldwide population growth- forecasted to exceed 9 billion by 2045.
- Population is into six age groups: preschool children, school-age children, teens, young adults age 20 to 40, middle-aged adults 40 to 65, and older adults 65 and older.
- Five Educational groups- illiterates, high school dropouts, high school diplomas, college degrees, professional degrees. The United States has one of the world's highest percentages of college-educated citizens.
- Household patterns- U.S. family evolving toward less traditional forms. More people are divorcing, separating, choosing not to marry, or marrying later



# Political Environment

LAWS

GOVERNMENT AGENCIES

PRESSURE GROUPS



# Economic Environment

U.S. income distribution  
is skewed.

- Upper class, middle class, working class, underclass
- Rich: getting richer  
Middle class: shrinking  
Underclass: still poor
- Consumer spending patterns are changing.



# Sociocultural Environment

- **Cultural values**
  - Values are passed from parents to children and reinforced by social institutions
- **Subcultures**
  - Groups with shared values, beliefs, preferences, and behaviors emerging from their special life experiences or circumstances

# Natural Environment



- Many companies use recycling to help protect natural resources
- Pollution

# Technological Environment

- Technological environment is characterized by rapid change.
- New technologies create new opportunities and markets but make old technologies obsolete.
- U.S. leads the world in research and development spending.





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**American  
Red Cross**

*Together, we can save a life*

\*Minimum Donation \$2 Million

Cause-related marketing is one method  
of demonstrating social responsibility

# McDonalds Success Story

- The first restaurant was established in 1955 in Des Plaines, Illinois, USA.
- McDonalds is the world leading chain with 33,000 restaurants in 118 countries serving 67 million customers each day.
- McDonald was started in India in 1996.
- It is present in 40 Indian cities with 250 restaurants and serves 650,000 customers daily.

- The strength of McDonalds India employees amounts 9,000 people including restaurant staff.
- The company is enjoying growth of 30-40 percent every year in India.
- It was from 1990 onwards, expert teams were in India to check the strength of logistics industry, reliability of transport sector & resource availability.



- Menus with religious and cultural sentiments were designed and in six years time the company was ready with its entire plan.
- McDonalds is known for its beef burgers free of beef and pork in India.
- There are two categories in food ingredients supply; Tier-I and Tier-2 suppliers.
- In Tier-I- There are 14 core suppliers-provide processed products e.g. Vegetable and chicken patties comes from Vista Processed foods Pvt Ltd., French fries, potato wedges, hashbrowns by McCain Foods India Pvt. Ltd. and so on.

# Tier-I Suppliers

Cheese	Dynamix Dairy Industries Ltd., Pune
Dehydrated onions	Jain Foods, Jalgaon
Iceberg lettuce	Trikaya Agriculture, Pune
Chicken patty	Vista Foods, Taloja
Veg. Patty, Veg. nuggets, Pineapple/Apple pie	Kitran Foods, Taloja
Chicken (dressed) Riverdale	Talegaon
Buns	Cremica Industries, Phillaur
Eggless mayonnaise	Quaker Cremica Pvt. Ltd., Phillaur
Sesame seeds	Ghaziabad
Iceberg lettuce	MeenaAgritech, Delhi
Fish fillet patties	Amalgam Foods Ltd., Kochi
Iceberg lettuce	Ooty Farms & Orchards, Ooty
Vegetables for the patties	Finns Frozen Foods & Jain Foods (Nasik, Jalgaon)
Mutton and mutton patties	Al Kabeer, Hyderabad

- In Tier-2- There are 40 suppliers, growers and processors who provide lettuce and potato, poultry items and coating systems that are used for coating the chicken and vegetable patties.
- The flow of ingredients are from Tier-2 to Tier-1 suppliers who process them.
- The fleet of refrigerated trucks transport these processed foods to the company Distribution Centers .
- These are multi-temperature & single temperature trucks into practice where 250 McDonalds Indian restaurants are provided on time fast delivery.

- This is not unidirectional, it also include the significant aspect of return logistics.
- Empty bottles and racks are available for further processing. Plastic crates are used for buns to ensure their quality.
- There are 4 Distribution Centers (DC) across the country all 250 restaurants are served effectively.
- The Noida and Mumbai DCs are primary Distribution Centers owned by the company.
- The other two DCs are in Bengaluru and Kolkata are housed in leased properties.

- McDonalds transportation has been completely outsourced.
- Radhakrishna Foodland Pvt. Ltd (RKFL) manages the four DCs.
- Demand Forecasting
- Quality Assurance
- Technology

# Marketing Plan

- The central instrument for directing and coordinating the marketing effort



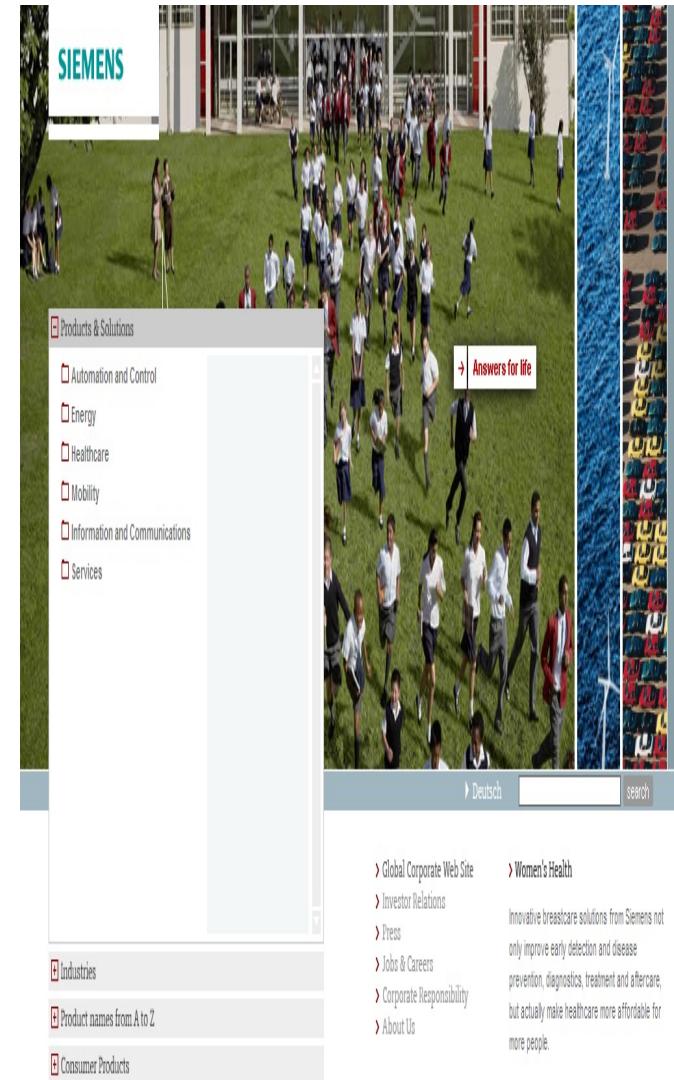
# Marketing Plan

- Executive Summary
- Table of Contents
- Situation Analysis (Company Analysis, Environment, SWOT, Customer Analysis, Competitor Analysis,)
- Marketing Strategy (mission, objectives, needs, targeting, competitive positioning)
- Marketing Mix Decisions (4Ps)
- Financial projections (sales forecast, expense forecast, break even analysis)
- Marketing Plan Assessment (A. Controls B. Competitor Responses  
C. Anticipated Results)

# Marketing Strategies

**Value Chain** - Tool for identifying ways to create more customer value

- because every firm is a synthesis of primary and support activities
- performed to design, produce, market, deliver and support its product.
- Customer value measures a product or service's worth and compares it to its possible alternatives.



# Michael Porter's Value Chain

A) 5 Primary activities:

1. Inbound logistics (material procurement)
2. Operations (turn into final product)
3. Outbound logistics (shipping, warehousing)
4. Marketing (marketing and sales)
5. Servicing (service after the sale)

# B) Support activities (carried out by specialized departments)

1. Procurement
2. Technology development
3. HRM
4. Firm infrastructure

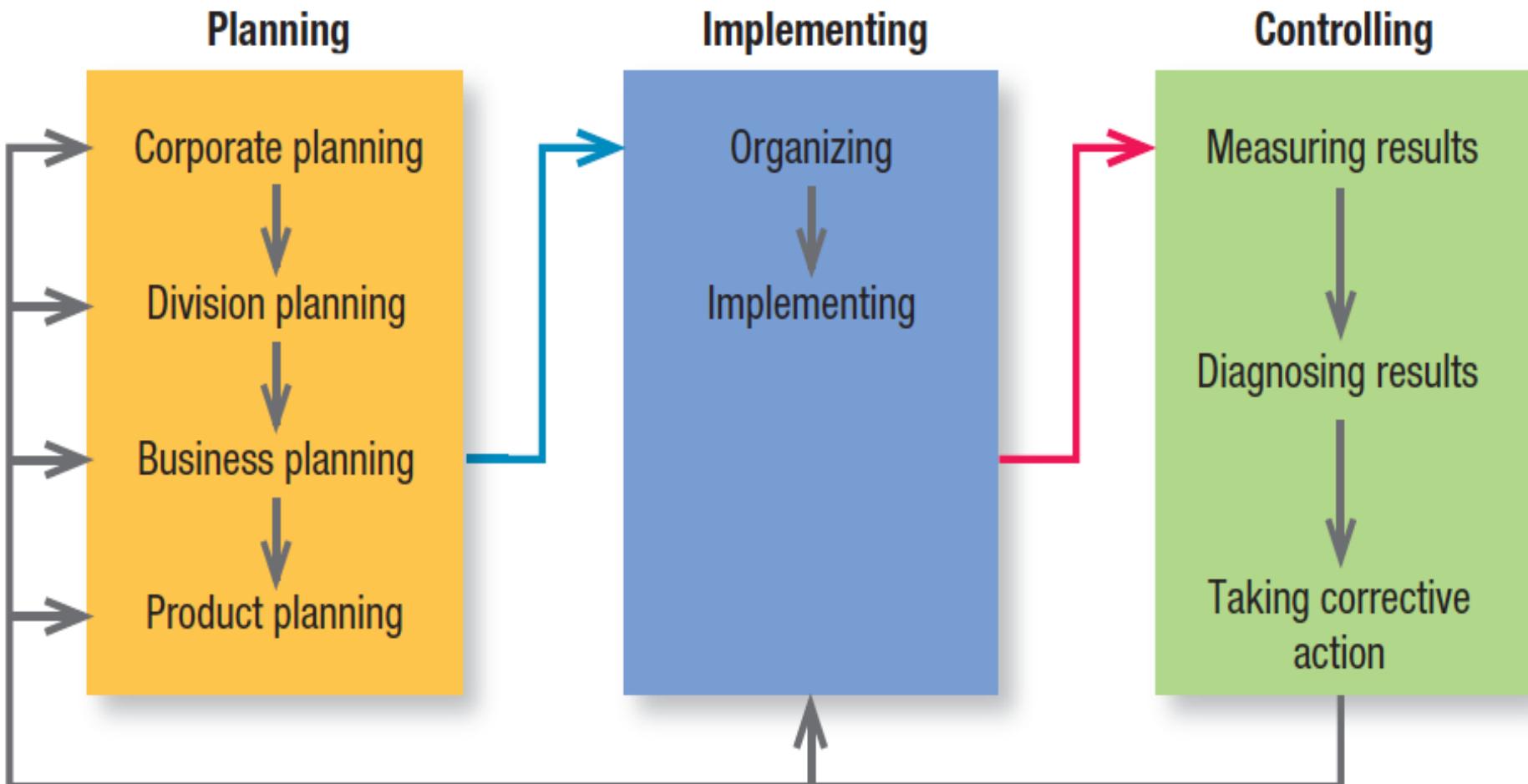
The screenshot shows the Cisco website homepage. At the top right, there are links for "Worldwide [change]", "Log In | Register", and "About Cisco". Below that is the Cisco logo and a search bar with a "Go" button. A horizontal menu bar includes "Solutions", "Products & Services", "Ordering", "Support", "Training & Events", and "Partner Central". To the right, a sidebar titled "Information for:" lists categories: "Small & Medium Business", "Enterprise", "Service Provider", and "Home & Home Office". Another sidebar titled "Quick Links" lists "Partner Locator", "Find a Service Provider", "Security Center", "Documentation", "Career Opportunities", "Investor Relations", "Discussion Forums", and "Human Network". The main content area features a large image of people in a conference room with a video screen, and the text "Welcome to the human network". Below this are two boxes: "Latest News" and "Featured Product". The "Latest News" box contains three items: "The Network is the New Security Platform - 02 Jan 2008", "Soccer and IT Skills to Help Youth in South Africa - 02 Jan 2008", and "The Platform: The Official Cisco Blog - 31 Dec 2007". It also has a "View All News" link. The "Featured Product" box shows a conference room, the text "Transform Your Business", and the subtext "Cisco TelePresence meetings help you make better decisions and reduce costs. Learn more". It also has a "View All Products" link. On the far right, there's a "Download Software" section with a dropdown menu and a "Cisco I-Prize" section with the tagline "Your Inspiration. Our Resources." and a "Learn How" link.

# Core Competency

Companies outsource resources if they get better quality or lower cost. Core competency characteristics

- 1) Source of competitive advantage
- 2) Has applications in a wide variety of markets
- 3) Difficult for competitors to imitate

# Strategic Planning, Implementation and Control Processes



# **Corporate and Division Strategic Planning**

## **1. Defining Corporate Mission**

A) Key questions to ask:

- i) What is our business?
- ii) Who is the customer?
- iii) What is of value to the customer?
- iv) What will our business be?
- v) What should our business be?

# Good Mission statements

- Focus on limited number of goals
- Stress company's major policies and values
- Define major competitive spheres within which company will operate
- Take a long-term view
- Short, memorable and meaningful as possible

The screenshot shows the Intel.com homepage. At the top, there is a navigation bar with links for Intel.com Worldwide, About Intel, Press Room, Contact Us, and a search bar. Below the navigation bar is the Intel logo with the tagline "Leap ahead". A main headline reads "We've Added a Powerful New Element to the Mix" followed by "Hafnium-based processor design from Intel". Below this, a sub-headline says "Discover the biggest change in transistor technology in 40 years >". To the right of the headline is a photograph of a colorful, modular computer case. On the left side of the page, there is a "Products" section with a "Featured Processors" list including Intel® Core™2 Duo, Intel® Core™2 Extreme, Intel® Core™2 Quad, and Intel® Xeon®. There is also a "Support" section with a "Search support" input field and a "Search" button, along with links for Advanced search, Browse by product, and Support FAQs. On the right side, there is a "Downloads" section with links for Intel® Graphics Media Accelerator Driver for Windows Vista® and Intel® Graphics Media Accelerator Driver for Windows XP®. Above the "Downloads" section is a "Headlines" section with a link to "Penryn PC Takes Power Prize" and a thumbnail image of a person working at a desk. Below the "Headlines" section is a sidebar with a link to "See the results" and a section titled "End-of-year CSR predictions" with a brief message from Intel's director of corporate social responsibility.

# Motorola

“The purpose of Motorola is to honorably serve the needs of the community by providing products and services of superior quality at a fair price to our customers; to do this so as to earn an adequate profit which is required for the total enterprise to grow; and by doing so, provide the opportunity for our employees and shareholders to achieve their personal objectives.”

# eBay

“We help people trade anything on earth. We will continue to enhance the online trading experiences of all—collectors, dealers, small businesses, unique item seekers, bargain hunters, opportunity sellers, and browsers.”

## 2. Establishing SBU

- A single business or collection of related businesses
- Has own set of competitors
- Has a manager responsible for strategic planning and profitability

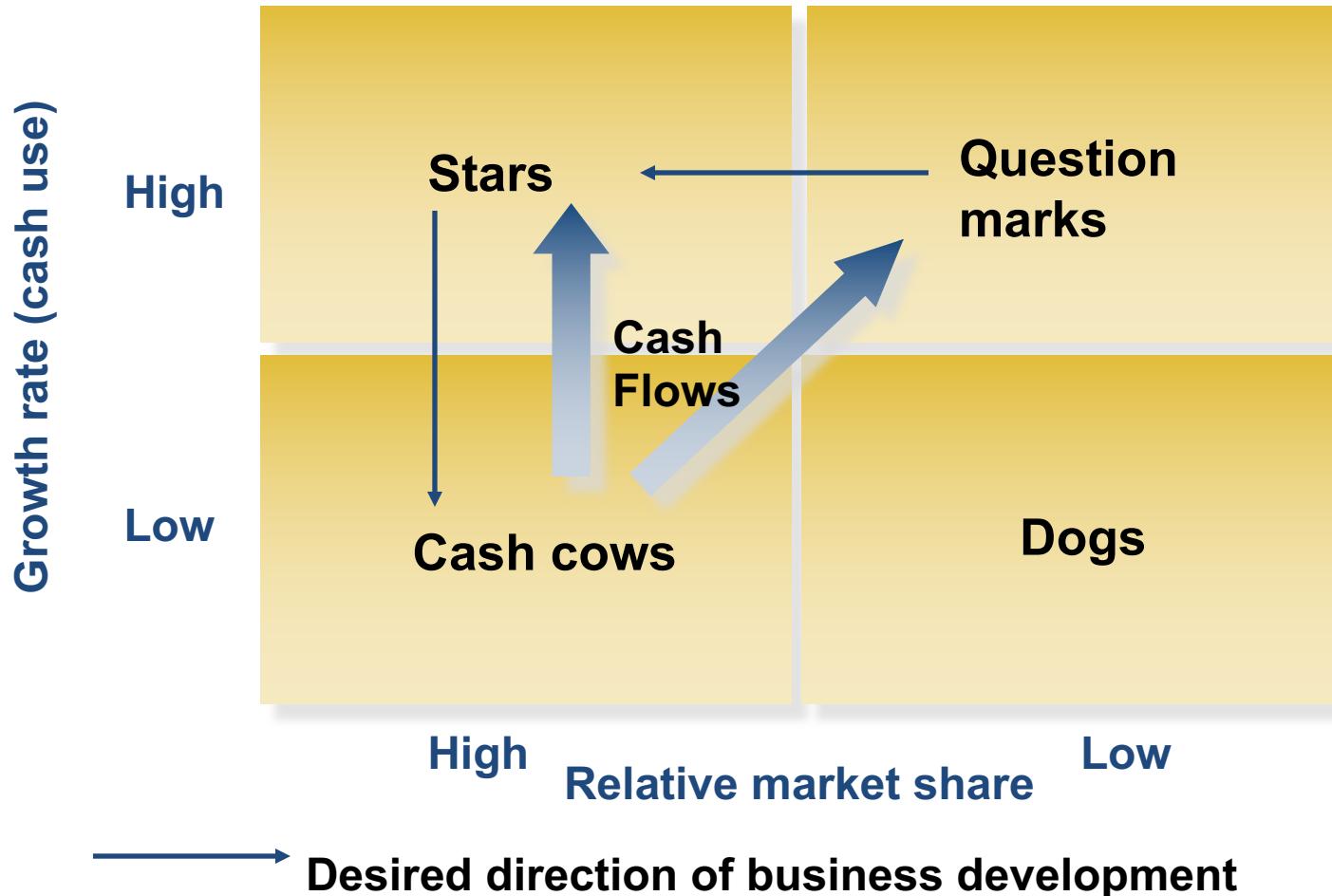
## 3. Assigning Resources to Each SBU

- Management must decide how to allocate corporate resources to each SBU

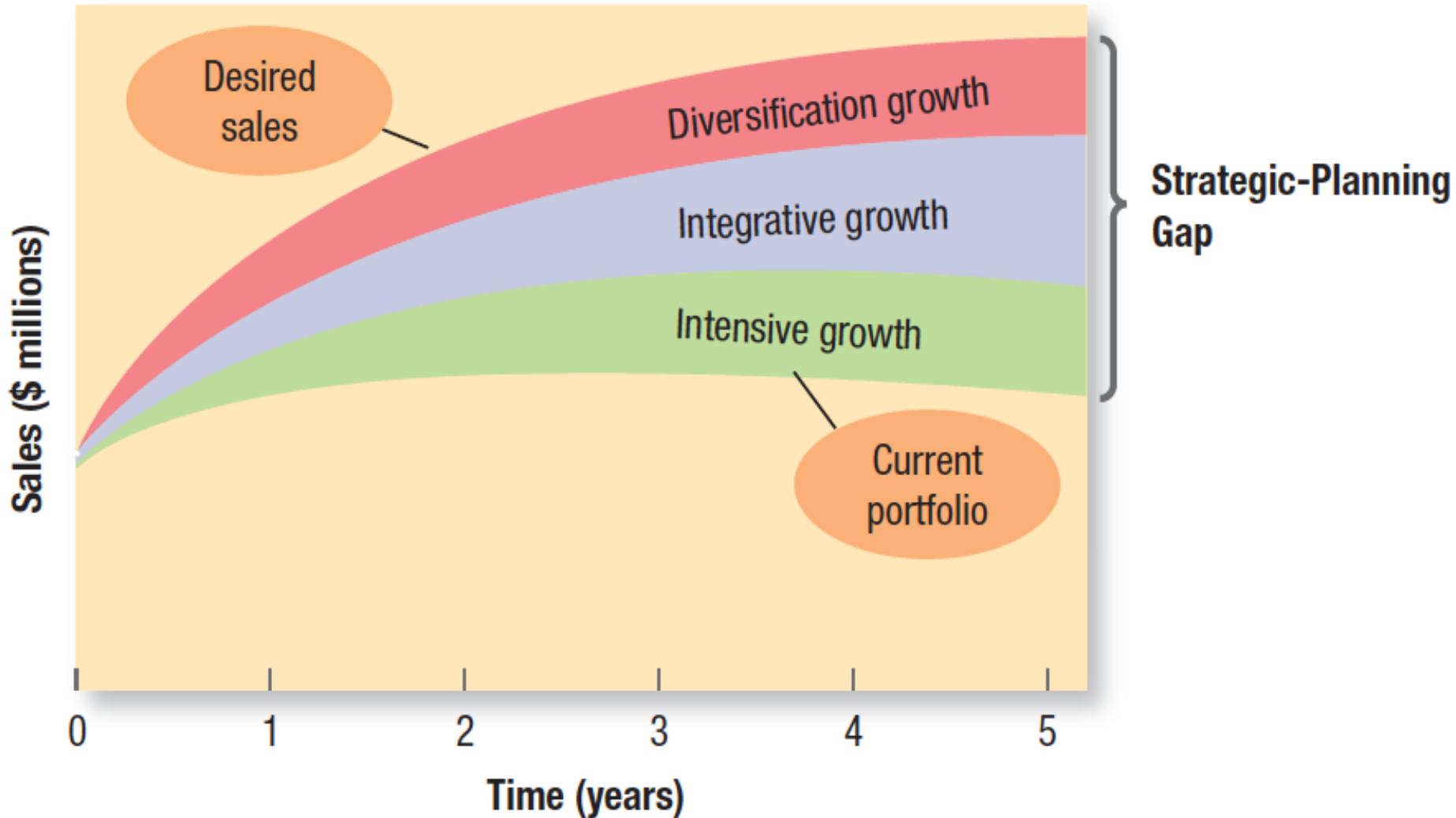
# BCG Matrix

		Relative Market Share	
		High	Low
Industry Growth Rate	High	<b>Stars</b> Generate considerable income <b>Strategy:</b> Invest more funds for future growth	<b>Question Marks</b> Have potential to become stars or cash cows <b>Strategy:</b> Either invest more funds for growth or consider disinvesting
	Low	<b>Cash Cows</b> Generate strong cash flow <b>Strategy:</b> Milk profits to finance growth of stars and question marks	<b>Dogs</b> Generate little profits <b>Strategy:</b> Consider withdrawing

# Cash Flows Across Businesses in BCG



# 4. Assessing growth opportunities



# Ansoff Matrix



# Market Penetration

1. Decreasing prices to attract new customers
2. Increasing promotion & distribution efforts
3. Acquiring a competitor in same marketplace

e.g telecom companies cater to same market, employ market penetration strategy by offering introductory prices & increasing promotion & distribution efforts



# Market Development

1. Catering to different customer segment
2. Entering new domestic market (expanding regionally)
3. Entering a foreign market (expanding internationally)  
e.g, Nike, Adidas entered Chinese market for expansion, offering to new demographic.

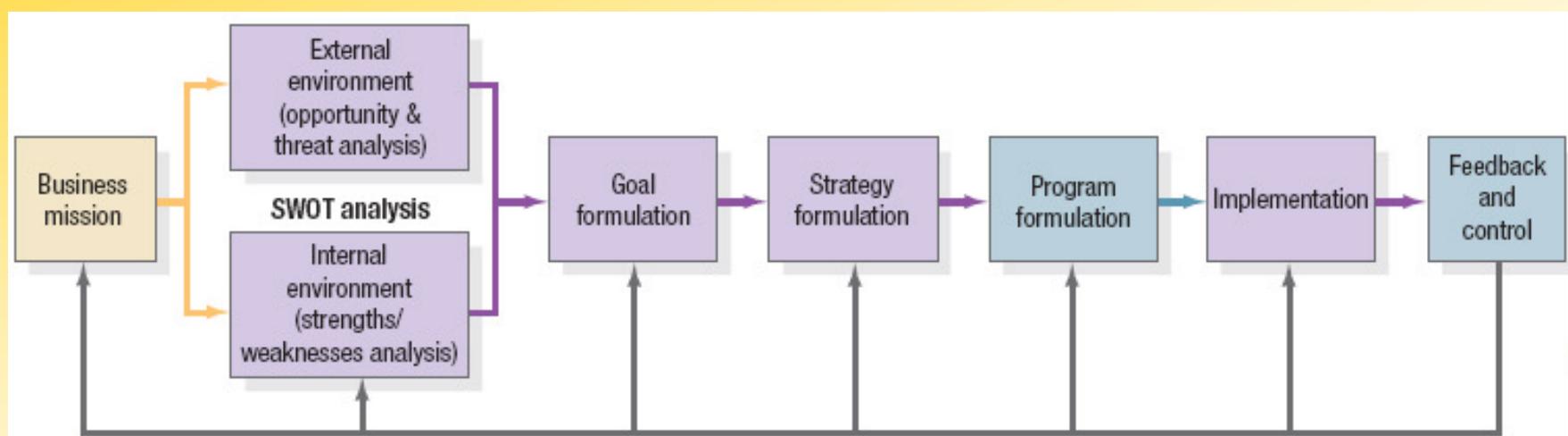


# Product Development

1. Investing in R&D to develop new products for existing market
2. Acquiring competitor's product & merging resources to create a new product for existing market
3. Forming strategic partnerships with firms to gain access to each partner's distribution channels or brand  
e.g automobile companies creating electric cars, environment conscious.



# Business Unit Strategic Planning Process



# SWOT Analysis



Strengths

Weaknesses

Opportunities

Threats

# FedEx



FedEx added Sunday deliveries based on customer requests and market demand

# Goal Formulation

Firm sets objectives and then manages by objectives (MBO). Four criteria of MBOs

- a. Must be arranged hierarchically from most to least important
- b. Should be stated quantitatively whenever possible
- c. Goals should be realistic
- d. Must be consistent

# Strategic Alliances

- a. Strategic partners if they hope to be effective.
- b. Many strategic alliances take the form of marketing alliances.
  - 1) Product or service alliances
  - 2) Promotional alliances
  - 3) Logistics alliances
  - 4) Pricing collaborations
- c. Corporations develop organizational structures for support and ability to form and manage partnerships as core skills (called Partner Relationship Mgt (PRM)).

# **Program Formulation and Implementation**

- A) A great marketing strategy can be sabotaged by poor implementation.**
- B) Marketing must estimate its costs.**
- C) In implementing strategy, companies must not lose sight of the multiple stakeholders involved and their needs.**

## **Feedback and Control**

- Firm needs to track results and monitor new developments.**

# New Product Development Process



# Generating Ideas

- Interacting with employees
- Interacting with outsiders
- Studying competitors
- Adopting creativity techniques

Source: W.L. Gore & Associates



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# Ways to draw new ideas from customers

- ✓ Observe customers using product
- ✓ Ask customers about product problems
- ✓ Ask customers about dream products
- ✓ Use customer advisory board
- ✓ Use Web sites
- ✓ Form brand community of enthusiasts
- ✓ Challenge customers to improve product

## 2. Using Idea Screening

### Product Idea Rating Device

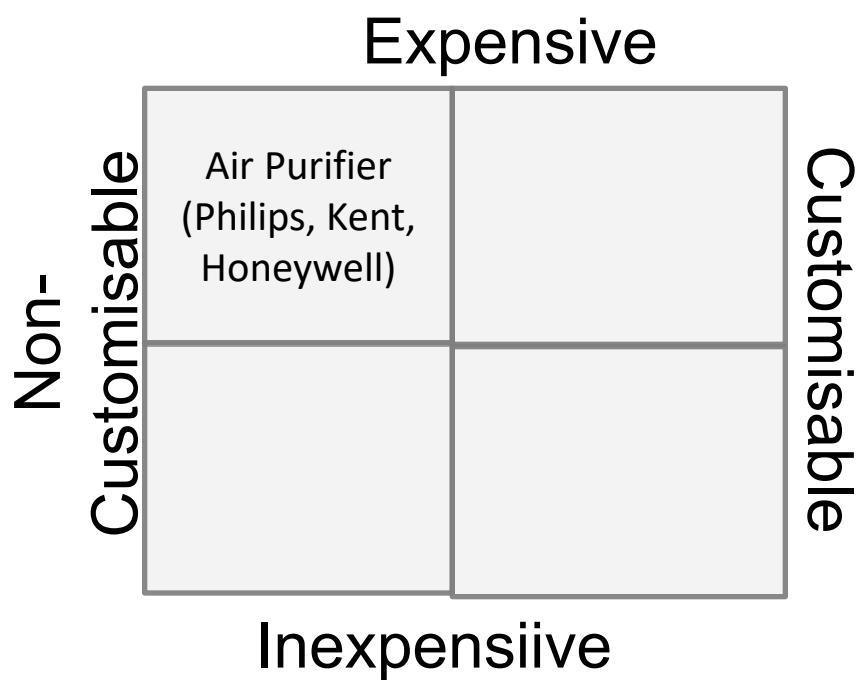
Product Success Requirements	Relative Weight (a)	Product Score (b)	Product Rating (c = a × b)
Unique or superior product	.40	.8	.32
High performance-to-cost ratio	.30	.6	.18
High marketing dollar support	.20	.7	.14
Lack of strong competition	.10	.5	.05
Total	1.00		.69

<sup>a</sup> Rating scale: .00–.30 poor; .31–.60 fair; .61–.80 good. Minimum acceptance rate: .61

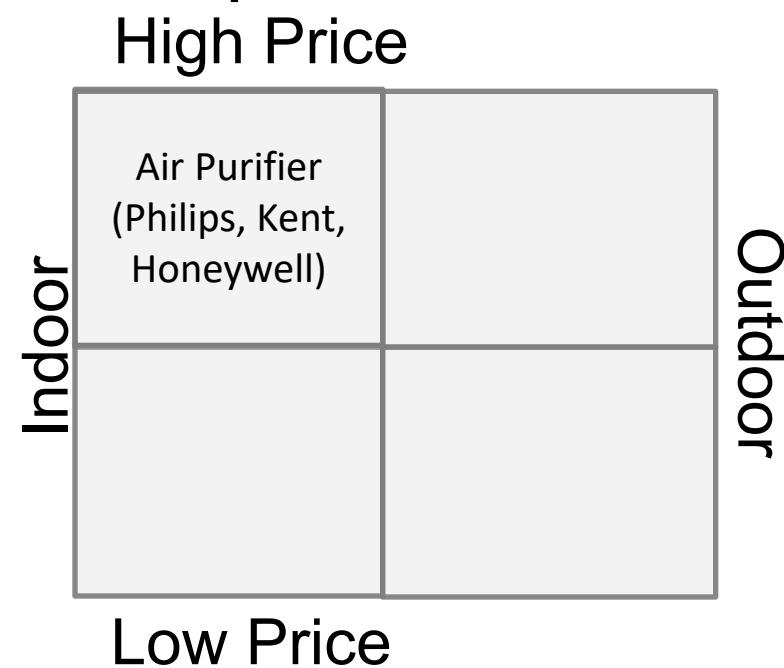
### 3. Concept Development

Who: Households, Industries, Officesetc.  
What: Pollution Free Environment  
When: Peak hours or as per requirements

**Product-Positioning Map**



**Brand-Positioning Map**



# **4. Marketing Strategy Development**

## **First Part (Initial year)**

- Target Market: Urban & Sub-Urban Region of Delhi NCR
- Direct Selling & Factory Outlets
- Brand Positioning: Low Price, Moderate Quality
- First Year: sell 2,500 Units
- Second Year: more than 5,000 Units

## **Second Part**

- Planned Price of Air Purifier

Indoor            ₹450 / unit

Outdoor         ₹300 / sq. feet

- Estimated Annual Sales Promotion budget - ₹ 6 lakhs

(Promotional Events, Online Marketing ,Newspapers, Hoardings Pamphlets etc)

- ₹ 2.5 lakh for Market Research (estimated)

### **Third Part (For long run)**

- Improve the quality of product
- Sell through Distributors and target the masses (other regions of India)
- 25% Profit Margin
- Expenditure of Market Research will be reduced to 1.5 lakh

## **Marketing Mix**

<b>Product</b>	<b>Price</b>	<b>Place</b>	<b>Promotion</b>
<ul style="list-style-type: none"><li>• PUR-AIR</li><li>• – Purifying Future</li><li>• Pollution Neutraliser</li><li>• 2 Variants (Indoor &amp; Outdoor)</li><li>• Outdoor sold per sq. foot</li></ul>	<ul style="list-style-type: none"><li>• Indoor ₹450 / unit,</li><li>• Outdoor ₹300 / sq. feet</li><li>• First three services free</li><li>• Outdoor service charges ₹30 / sq. feet</li></ul>	<p>(Initially)</p> <ul style="list-style-type: none"><li>• Direct Selling</li><li>• Factory Outlets</li><li>• Delhi NCR</li></ul> <p>(Long Run)</p> <ul style="list-style-type: none"><li>• Direct Selling</li><li>• Distributors</li><li>• Other Parts of India</li></ul>	<ul style="list-style-type: none"><li>• Trade fairs</li><li>• Awareness Programmes</li><li>• Collaborations (Govt. &amp; Private Agencies)</li><li>• Social Media Marketing, Hoardings, Newspapers</li></ul>

## 5. Business Analysis.

- This stage will decide whether from financial as well as marketing point of view, the project is beneficial or not.

In Business Analysis ,

- ▶ Estimate likely selling price based upon competition and customer feedback.
  - ▶ Estimate sales volume based upon size of market.
  - ▶ Estimate profitability and break-even point.
- 
- If above are match with the company's objectives, then the new product concept moves to product development stage.

# 6. Product Development

- Physical prototypes
- Customer tests

Alpha Testing- Performance of the product is tested within the firm.

Beta Testing- Free samples are distributed to consumers for home use, then feedback is taken from consumers.



# 7. Market testing

- Consumer-goods market testing
- Business-goods market testing



# Market Testing

- a) How many test cities
- b) Which cities
- c) Length of test
- d) What information- store audits will show retail sales & competitors' market shares but will not reveal buyer characteristic. Consumer panel will indicate which people are buying which brands and their loyalty and switching rates. Buyer surveys will yield in-depth information about consumer attitudes, usage and satisfaction.
- e) What action to take- If the test markets show a high trial rate and a low repurchase rate, customers are not satisfied and the product should be redesigned or dropped. If the trial and repurchase rates are both low, the product should be abandoned.

# 8. Commercialization

## a) When (Timing)- during diwali

**First entry-** First firm entering a market enjoys “first mover advantages” of locking up key distributors, customers and gaining leadership.

**Parallel entry-** Firm might time its entry to coincide with the competitor’s entry.

**Late entry-** Firm might delay its launch until after the competitor has borne the cost of educating the market, and its product may reveal flaws the late entrant can avoid. The late entrant can also learn the size of the market.

# Commercialization

- b) Where (Geographic Strategy)
- c) To Whom (Target-Market Prospects)
- d) How (Introductory Market Strategy)



# Adoption Process Stages

1. Awareness—Consumer becomes aware of innovation but lacks information about it.
2. Interest—Consumer is stimulated to seek information about the innovation.
3. Evaluation—Consumer considers whether to try innovation.
4. Trial—Consumer tries innovation to improve his estimate of its value.
5. Adoption—Consumer decides to make full and regular use of innovation.

# Factors Influencing the Adoption Process

## 1. Readiness to try new products and personal influence

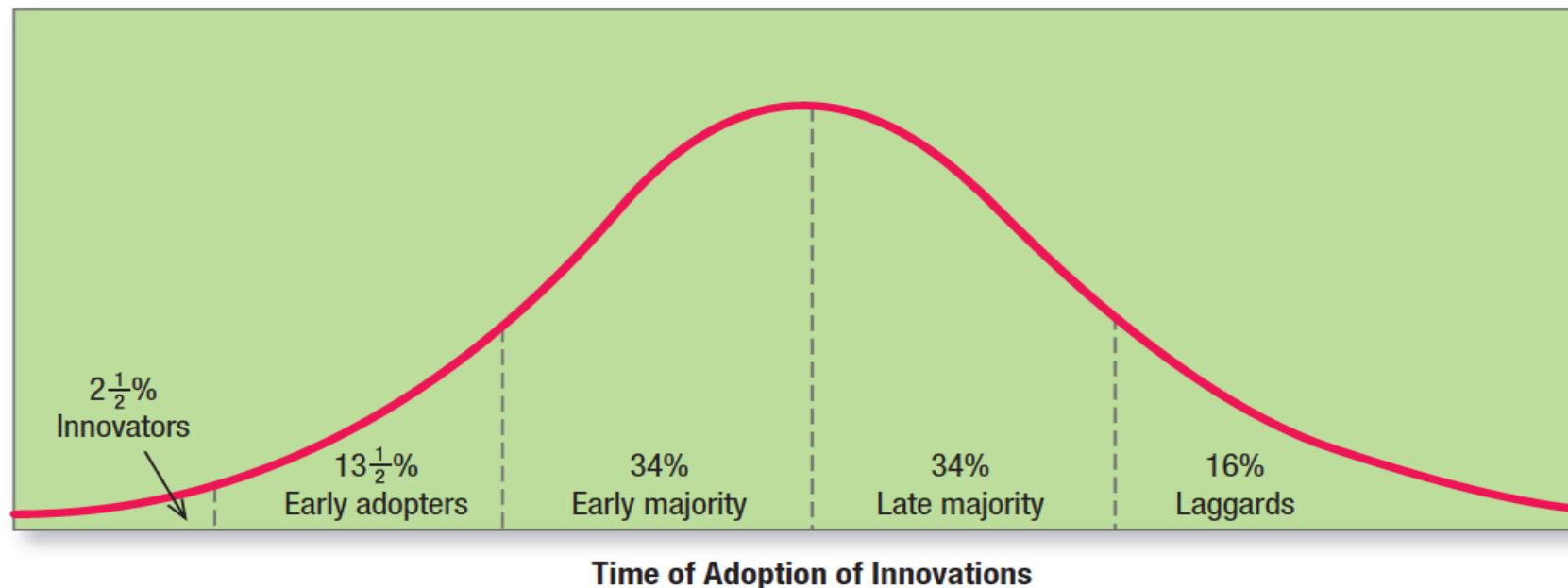
**Innovators**- technology enthusiasts, venturesome, enjoy tinkering with new products and mastering their intricacies. In return for low prices, they are happy to conduct alpha and beta testing and report on early weaknesses.

**Early adopters**- opinion leaders carefully search for new technologies that might give them a dramatic competitive advantage. Less price sensitive and willing to adopt product if given personalized solutions and good service support.

**Early majority**- deliberate pragmatists, adopt new technology when its benefits have been proven and a lot of adoption has already taken place. They make up the mainstream market.

**Late majority**- skeptical conservatives who are risk averse, technology shy, and price sensitive.

**Laggards**- tradition-bound and resist innovation until the status quo is no longer defensible.



# Marketing Research

A systematic design,  
collection, analysis and  
reporting of findings and  
analysis to a specific  
situation.

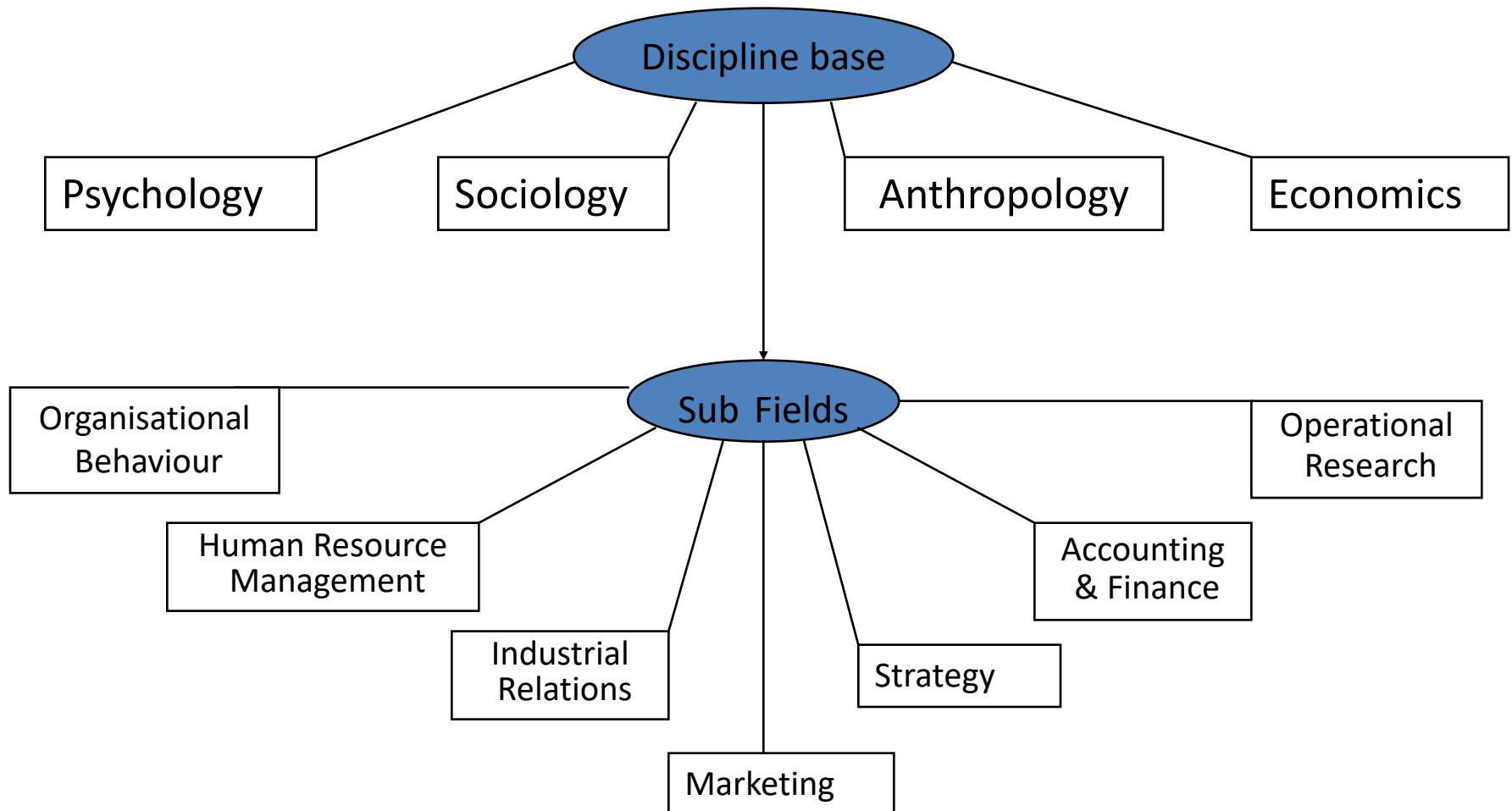


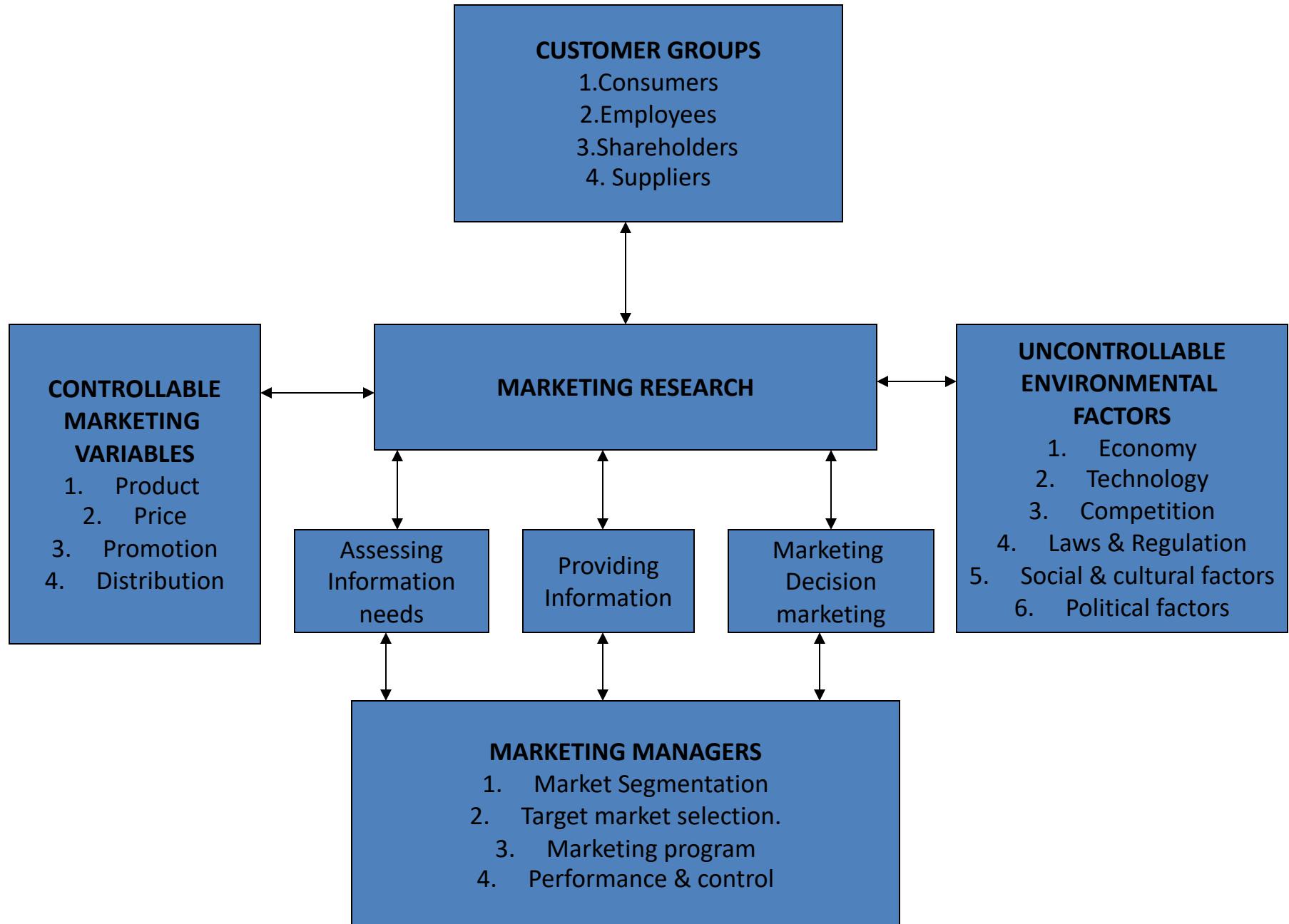
# Scope of Marketing Research

- National Readership Survey
- Copy Research by Advertising Agencies
- Studies of Advertisement Effectiveness
- Political studies- election results
- Customer service studies- banks, hotels
- TRP

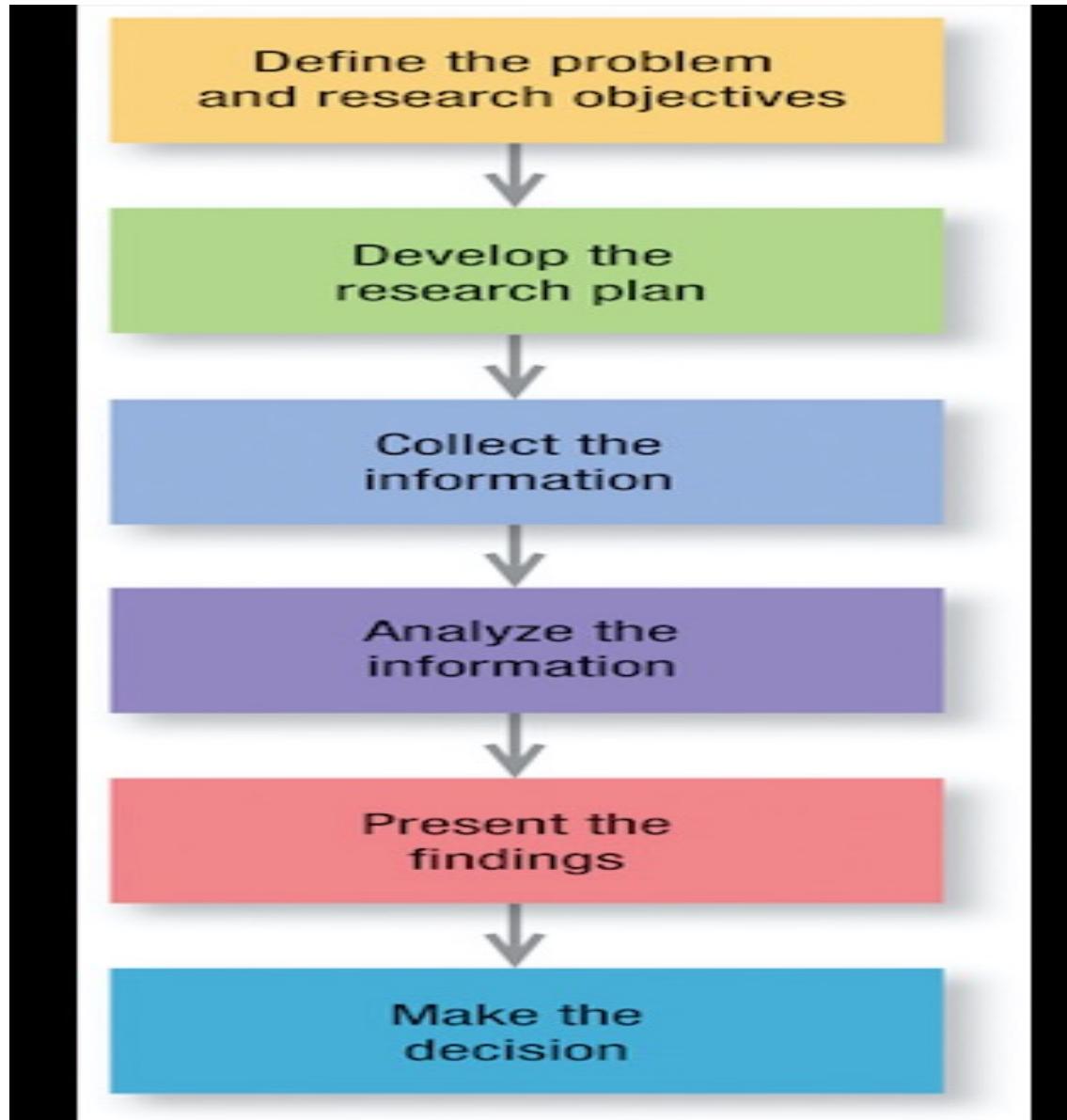


# Field of Management Research





# Marketing Research Process



# Step 1

- Define the problem
- Define the decision alternatives
- Define the research objectives



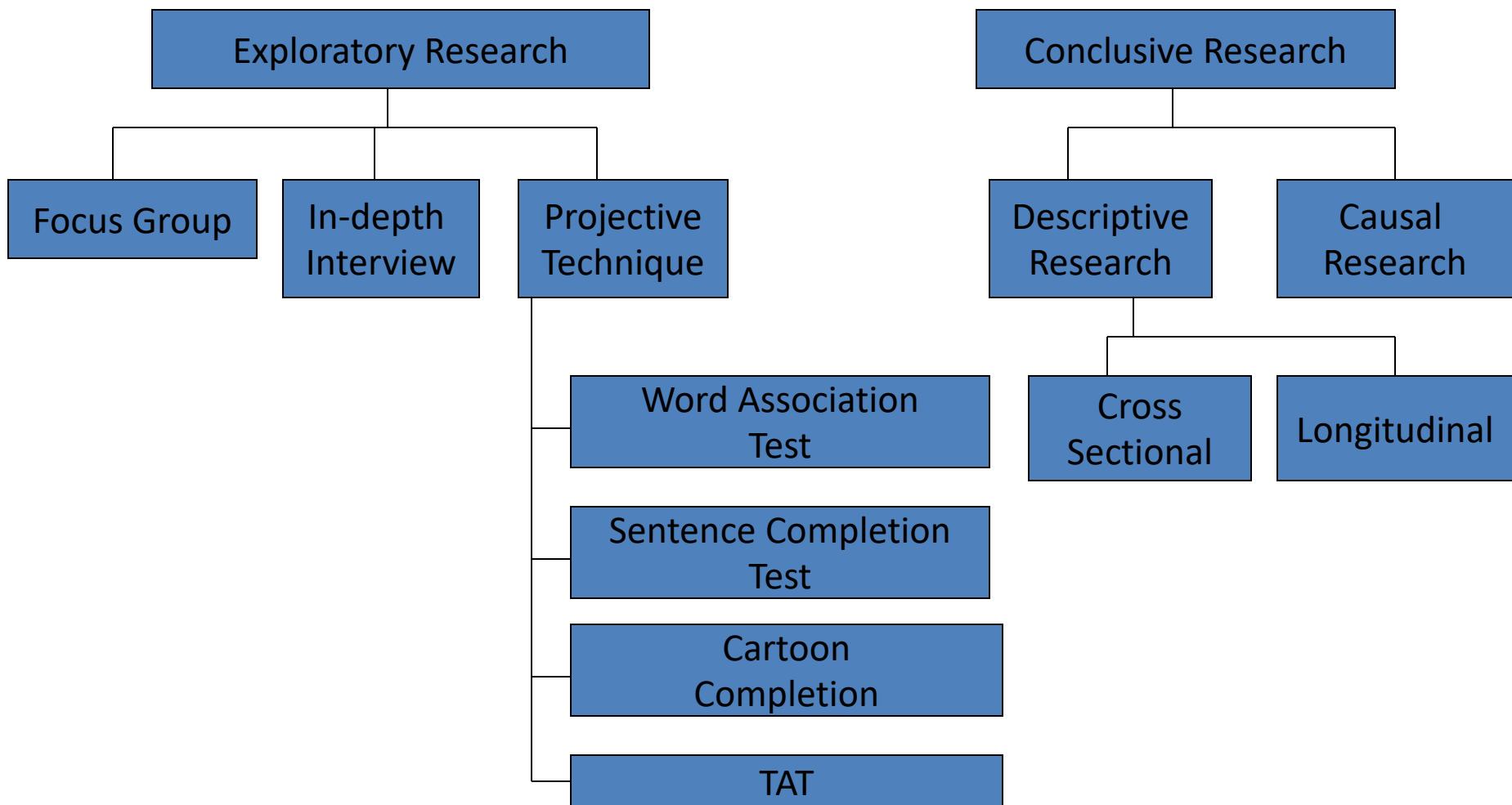
# Step 2: Develop the Research Plan

## Types of Data

- Secondary data vs. primary data



# RESEARCH DESIGN (Research Approaches)



## B. Open-End Questions

Completely unstructured	A question that respondents can answer in an almost unlimited number of ways	What is your opinion of American Airlines?
Word association	Words are presented, one at a time, and respondents mention the first word that comes to mind.	What is the first word that comes to your mind when you hear the following? Airline _____ American _____ Travel _____
Sentence completion	An incomplete sentence is presented and respondents complete the sentence.	When I choose an airline, the most important consideration in my decision is _____.
Story completion	An incomplete story is presented, and respondents are asked to complete it.	"I flew American a few days ago. I noticed that the exterior and interior of the plane had very bright colors. This aroused in me the following thoughts and feelings . . ." Now complete the story.
Picture	A picture of two characters is presented, with one making a statement. Respondents are asked to identify with the other and fill in the empty balloon.	
Thematic Apperception Test (TAT)	A picture is presented and respondents are asked to make up a story about what they think is happening or may happen in the picture.	

# PRIMARY SCALES OF MEASUREMENT

- Nominal Scale
- Ordinal Scale
- Interval Scale
- Ratio Scale

## PRIMARY SCALES OF MEASUREMENT

Store	Nominal Scale	Ordinal Scale (Preference Ranking)	Interval Scale (Preference Rating 1-7)	Ratio Scale \$ spent in last 1 month
Kmart	1	3	2	30
JC Penny	2	2	1	20
Target	3	1	3	50
Sears	4	5	7	100
Walmart	5	4	5	10

# Research instruments

## Questionnaire

- open ended questions
- closed ended questions

## Interval Scale

- Likert Scale
- Semantic Differential Scale
- Stapel Scale



# Questionnaire

**TABLE 4.1** Types of Questions

Name	Description	Example										
<b>A. Closed-End Questions</b>												
Dichotomous	A question with two possible answers	In arranging this trip, did you personally phone American? Yes _____ No _____										
Multiple choice	A question with three or more answers	With whom are you traveling on this flight? <input type="checkbox"/> No one <input type="checkbox"/> Children only <input type="checkbox"/> Spouse <input type="checkbox"/> Business associates/friends/relatives <input type="checkbox"/> Spouse and children <input type="checkbox"/> An organized tour group										
Likert scale	A statement with which the respondent shows the amount of agreement/disagreement	Small airlines generally give better service than large ones. <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Strongly disagree</td> <td>Disagree</td> <td>Neither agree nor disagree</td> <td>Agree</td> <td>Strongly agree</td> </tr> </table> 1_____ 2_____ 3_____ 4_____ 5_____						Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree								
Semantic differential	A scale connecting two bipolar words. The respondent selects the point that represents his or her opinion.	I find American Airlines ... Large _____ Small _____ Experienced _____ Inexperienced _____ Modern _____ Old-fashioned _____										
Importance scale	A scale that rates the importance of some attribute	Airline in-flight service to me is <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Extremely important</td> <td>Very important</td> <td>Somewhat important</td> <td>Not very important</td> <td>Not at all important</td> </tr> </table> 1_____ 2_____ 3_____ 4_____ 5_____						Extremely important	Very important	Somewhat important	Not very important	Not at all important
Extremely important	Very important	Somewhat important	Not very important	Not at all important								
Rating scale	A scale that rates some attribute from "poor" to "excellent"	American in-flight service is <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Excellent</td> <td>Very Good</td> <td>Good</td> <td>Fair</td> <td>Poor</td> </tr> </table> 1_____ 2_____ 3_____ 4_____ 5_____						Excellent	Very Good	Good	Fair	Poor
Excellent	Very Good	Good	Fair	Poor								
Intention-to-buy scale	A scale that describes the respondent's intention to buy	If ultra high-speed Wi-Fi service were available on a long flight, I would <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Definitely buy</td> <td>Probably buy</td> <td>Not sure</td> <td>Probably not buy</td> <td>Definitely not buy</td> </tr> </table> 1_____ 2_____ 3_____ 4_____ 5_____						Definitely buy	Probably buy	Not sure	Probably not buy	Definitely not buy
Definitely buy	Probably buy	Not sure	Probably not buy	Definitely not buy								

# **Sampling plan**

**Sampling unit:** Whom should we survey?

**Sample size:** How many people should we survey?

**Sampling procedure:** How should we choose the respondents?

**Contact methods-** mail, telephone, personal, online



# Step 3 to Step 6

Step 3: Collect the Information

Step 4: Analyze the Data

Step 5: Present the Findings

Step 6: Make the Decision

# Data analysis

- Mean
- Median
- Mode
- Standard Deviation
- Hypothesis Testing
- Regression
- Correlation
- Factor analysis

# REPORT PREPARATION

1. Title page
2. Table of Contents
3. Introduction
4. Statement of Objectives
5. Methodology
  - a) Research design
  - b) Data collection methods
  - c) Fieldwork
  - d) Analysis
6. Limitations
7. Findings
8. Conclusion
9. Appendix
  - a) Questionnaire
  - b) Tables
  - c) Bibliography

# Bibliography

Kotler P, (2021), “Marketing Research”,  
Marketing Management, Pearson, pp 54-65.

# Good Marketing Research

## Seven Characteristics of Good

1. Scientific method	Effective marketing research uses the principles of the scientific method: careful observation, formulation of hypotheses, prediction, and testing.
2. Research creativity	In an award-winning research study to reposition Cheetos snacks, researchers dressed up in a brand mascot Chester Cheetah suit and walked around the streets of San Francisco. The response the character encountered led to the realization that even adults loved the fun and playfulness of Cheetos. The resulting repositioning led to a double-digit sales increase despite a tough business environment. <sup>43</sup>
3. Multiple methods	Marketing researchers shy away from overreliance on any one method. They also recognize the value of using two or three methods to increase confidence in the results.
4. Interdependence of models and data	Marketing researchers recognize that data are interpreted from underlying models that guide the type of information sought.
5. Value and cost of information	Marketing researchers show concern for estimating the value of information against its cost. Costs are typically easy to determine, but the value of research is harder to quantify. It depends on the reliability and validity of the findings and management's willingness to accept and act on those findings.
6. Healthy skepticism	Marketing researchers show a healthy skepticism toward glib assumptions made by managers about how a market works. They are alert to the problems caused by "marketing myths."
7. Ethical marketing	Marketing research benefits both the sponsoring company and its customers. The misuse of marketing research can harm or annoy consumers, increasing resentment at what consumers regard as an invasion of their privacy or a disguised sales pitch.

# Measuring Marketing Productivity

## 1. Marketing metrics- Measures that help marketers quantify, compare, and interpret performance

I. External	II. Internal
Awareness	Awareness of goals
Market share (volume or value)	Commitment to goals
Relative price (market share value/volume)	Active innovation support
Number of complaints (level of dissatisfaction)	Resource adequacy
Consumer satisfaction	Staffing/skill levels
Distribution/availability	Desire to learn
Total number of customers	Willingness to change
Perceived quality/esteem	Freedom to fail
Loyalty/retention	Autonomy
Relative perceived quality	Relative employee satisfaction

## 2. Marketing-Mix Modeling

Analyzes data from a variety of sources, such as retailer scanner data, company shipment data, pricing, media, and promotion spending data, to understand more precisely the effects of specific marketing activities

(To deepen understanding, marketers can conduct multivariate analyses, such as regression analysis, to sort through how each marketing element influences marketing outcomes such as brand sales or market share.)



**3. Marketing Dashboards-** “A concise set of interconnected performance drivers to be viewed in common throughout the organization.”

**Customer-performance scorecard-** records how well the company is doing year after year on such customer-based measures as those Shown in Table. Management should set target goals for each measure and take action when results get out of bounds.

**Stakeholder-performance scorecard-** tracks the satisfaction of various constituencies who have a critical interest in and impact on company's performance: employees, suppliers, banks, distributors, retailers, and stockholders. Again, management should take action when one or more groups register increased or above norm levels of dissatisfaction.



# Consumer Behavior

- Study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants.

Did we actually face our critics and reinvent our pizza from the crust up?  
**OH YES WE DID.**

"The Pizza Turnaround" Documentary  
cheesy bread is king. Then pizza was cardboard and were wet and flavourless.

REALBAMA REALMENTOR TURNAROUND STORY OF THE YEAR CRITIC'S VOICE WINNER DOMINO'S PIZZA PRESENTS A DOCUMENTARY 'THE PIZZA TURNAROUND' STARRING ACTUAL DOMINO'S EMPLOYEES INSPIRED BY OUR HARSHEST CRITICS

Try the delicious result of our hard work.  
ORDER NOW

Live new pizza Twitter feed

RT @Dominoes: Dear Domino's Pizza, Thank you for the carb overload for the second time this week.  
by Ryan011 2011-01-14

I'm definitely ordering another domino's tonight on net.  
by Hippo00 2011-01-14

Domino's vs. Papa John's, Mr Chinese, Hinman  
by GabiGibby\_Glow 2011-01-14

@xoxogirl187: Ah! I just need it. Let's play domino's!  
by mistermister 2011-01-14

Domino's & Dominos is taking over the world. Mmm...  
bowl of spaghetti

# Consumer Decision Making Process



# Ads help Consumers Recognize Problems

NOW  
SCENT-FREE

This allergy season,  
help prevent congestion before  
it begins, with NASONEX.

**NASONEX<sup>®</sup>**  
Inhalerone furate monohydrate  
Nasal Spray 50 mcg<sup>†</sup>  
Indicated for the prevention of seasonal nasal congestion associated with the early symptoms of the common cold.

To treat and help prevent congestion and other seasonal nasal allergy symptoms, NASONEX<sup>®</sup> is the one.

Why be all stuffed up and congested? Bee prepared.  
NASONEX<sup>®</sup> is the only prescription nasal spray FDA approved to both treat and help prevent congestion and other seasonal nasal allergy symptoms before they begin. Piriton<sup>®</sup>, Allegra<sup>®</sup> and zyrtec<sup>™</sup> can't say that. Only NASONEX<sup>®</sup> And NASONEX<sup>®</sup> is scent-free and alcohol-free.

To help prevent most seasonal nasal allergy symptoms in patients 12 years and older, NASONEX<sup>®</sup> is recommended 2 to 4 weeks prior to the anticipated start of the pollen season.

Side effects were generally mild and included headache, viral infection, sore throat, nosebleeds, and coughing. Take NASONEX<sup>®</sup> regularly as recommended by your doctor, since its effectiveness depends upon regular use. Maximum treatment benefit is usually achieved within 1 to 2 weeks.

Please see additional important information on next page. Available by prescription only. Talk to your doctor to find out whether NASONEX<sup>®</sup> is right for you.

1-877 NASONEX  
[www.nasonex.com](http://www.nasonex.com)

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Nasonex-0008

# Consumer Decision Making Process

- 1) **Problem recognition-** when a customer has an unfulfilled need
- 2) **Information search-** customer will collect the information from different sources

Personal sources- family, friends, neighbors, acquaintances

Commercial sources- advertising, salesperson, dealers, displays, packaging

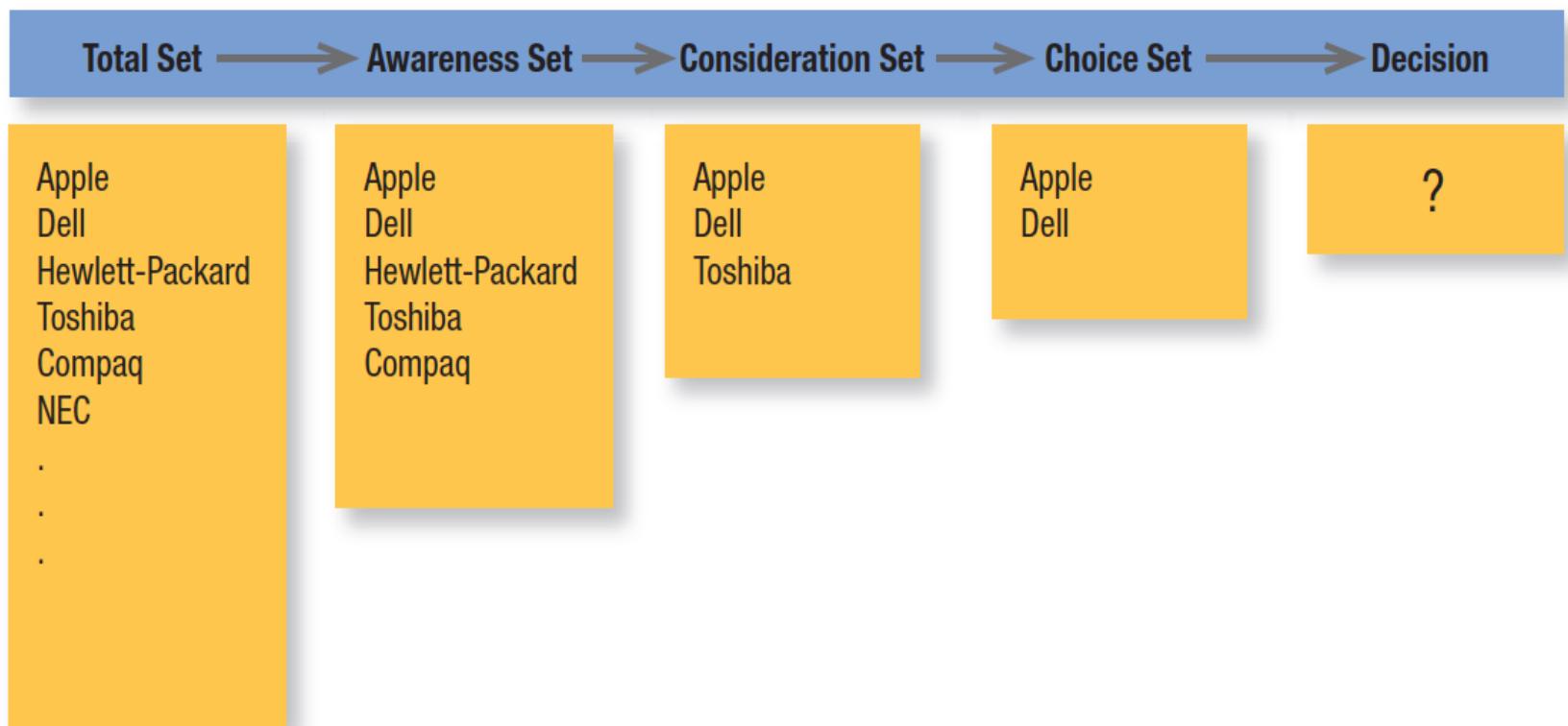
Public sources- mass media, consumer rating organizations

Experiential sources- handling, examining, using the product

3) **Evaluation of alternatives**- customers trying to satisfy a need, customers looking for certain benefits from the product solution, customer sees each product as a bundle of attributes

Total	Awareness	Consideration	Choice	Decision
set	set	set	set	set

# Sets Involved In Decision Making

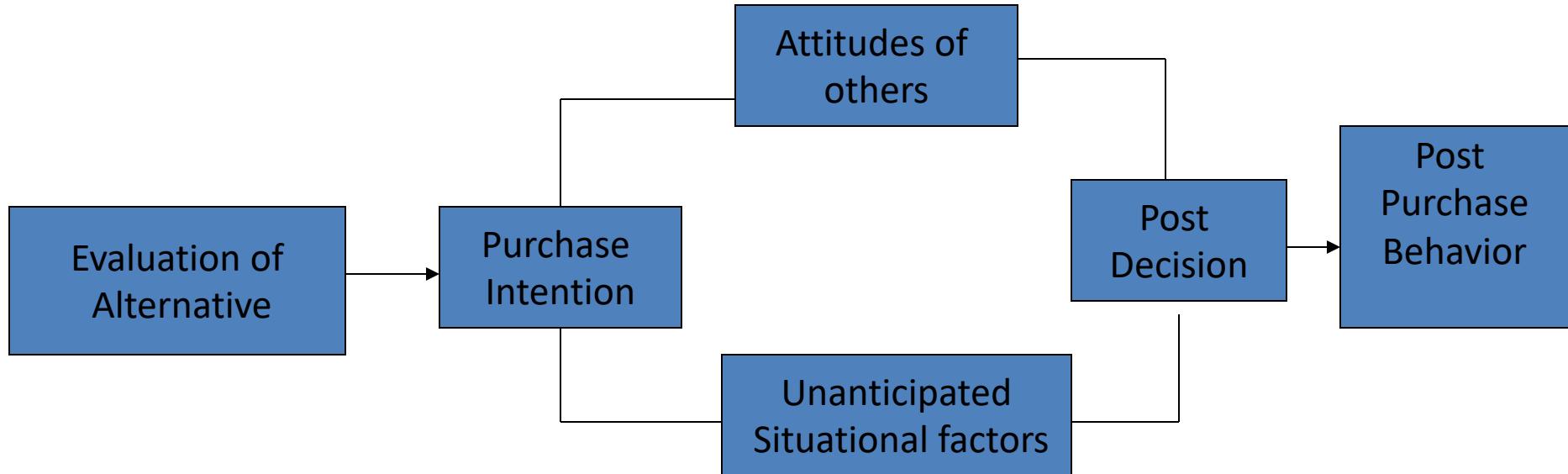


# Expectancy-Value Model

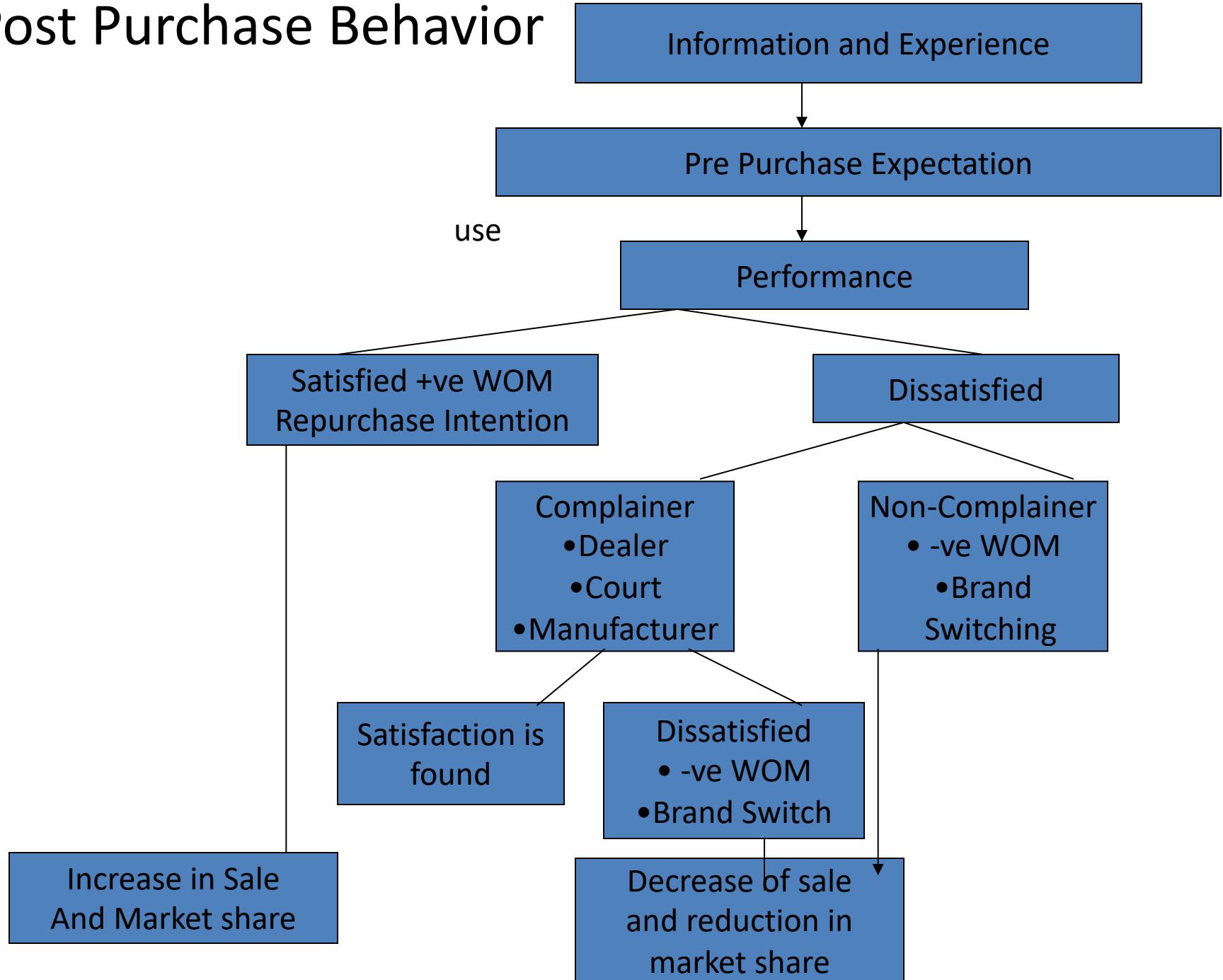
Consumer's Brand Belief about Laptop Computers

Laptop Computer	Attribute			
	Memory Capacity	Graphics Capability	Size and Weight	Price
A	8	9	6	9
B	7	7	7	7
C	10	4	3	2
D	5	3	8	5

# 4) Purchase Decision



# 5) Post Purchase Behavior



# Adding Attributes Changes Attitudes



We've made 'em  
**Lighter.**  
We've made 'em  
**Brighter.**  
And now we're  
really gonna  
**Cut Loose.**



MICRO/ULTRA PORTABLE

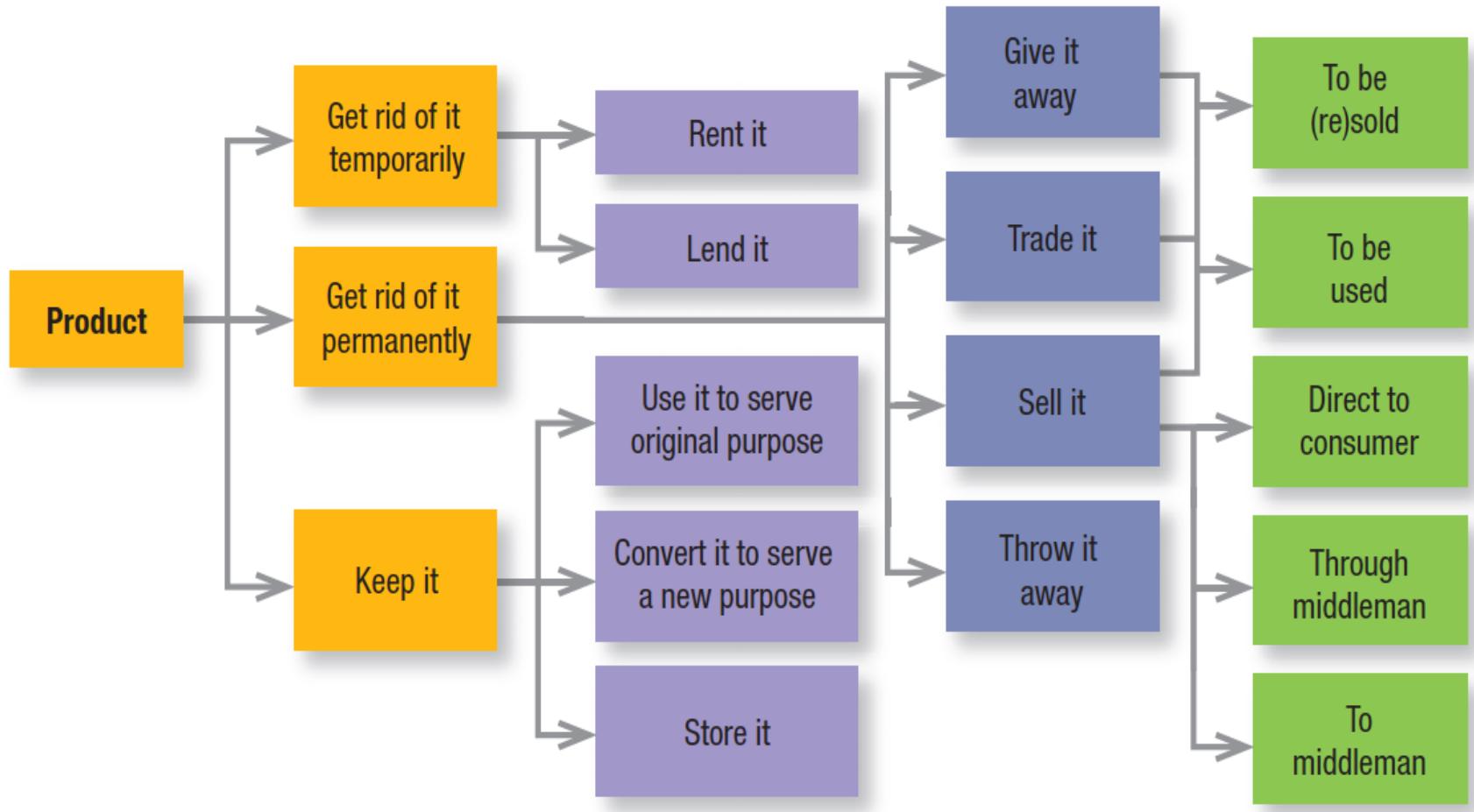
	Features	Lumens	Resolution
PTSL710NTU	Wireless Multiple Presenters Micro Lens Array	1500 ANSI	XGA (SXGA max)
PTSL711XU	Ultra-Bright Micro Lens Array	1600 ANSI	XGA (SXGA max)
PTSL781XSDU	SD Card Slot for PC-less Presentations	1200 ANSI	XGA (SXGA max)
PTSLC75U REWNT	Light Weight	1300 ANSI	XGA (SXGA max)
PTSL511XU	High Brightness	1500 ANSI	XGA (SXGA max)
PTSL655U REWNT	Highly Affordable	1250 ANSI	XGA (SXGA max)

Introducing the first wireless projector  
with multiple-presenter capability.

Panasonic's new PT-L7110NTU wireless projector unleashes exciting interactive possibilities. Because it can receive data from multiple IEEE 802.11b-equipped wireless PCs consecutively, colleagues can seamlessly interact in a group presentation. In addition to eliminatingbersome cables, wireless lowers the cost per user, so sharing the projector is easy and efficient. Add advanced features like Digital Cinema Reality™ video processing and lamp life double (4,000 hours) that of most other systems, and it's clear Panasonic's projectors are leading the way to the presentation future. To find out more, please call us at 1-800-528-8601 or visit [www.panasonic.com/projectors](http://www.panasonic.com/projectors).

**Panasonic**  
The difference is your image.

# Customer Product Use/Disposal



# Buying Behavior Types

	Higher Involvement	Lower Involvement
Significant differences among brands	Complex buying behavior e.g. Car, PC, Electronic products	Variety Seeking buying behavior e.g. Biscuits, Soaps
	Dissonance reducing buying behavior e.g. Carpets, Jewellery, Furniture	Habitual buying behavior e.g. salt

# Factors Influencing Consumer Behaviour

## Cultural factors

- the values, beliefs, customs, and tastes that a group of people value. Culture influences all aspects of our lives, often without our awareness.
- Culture is passed from one generation to the next through learning.
- Exactly what does it mean to be a Canadian?
- To not be an American?
- Culture is expressed in the media, social institutions, symbols, and artifacts created by our society.

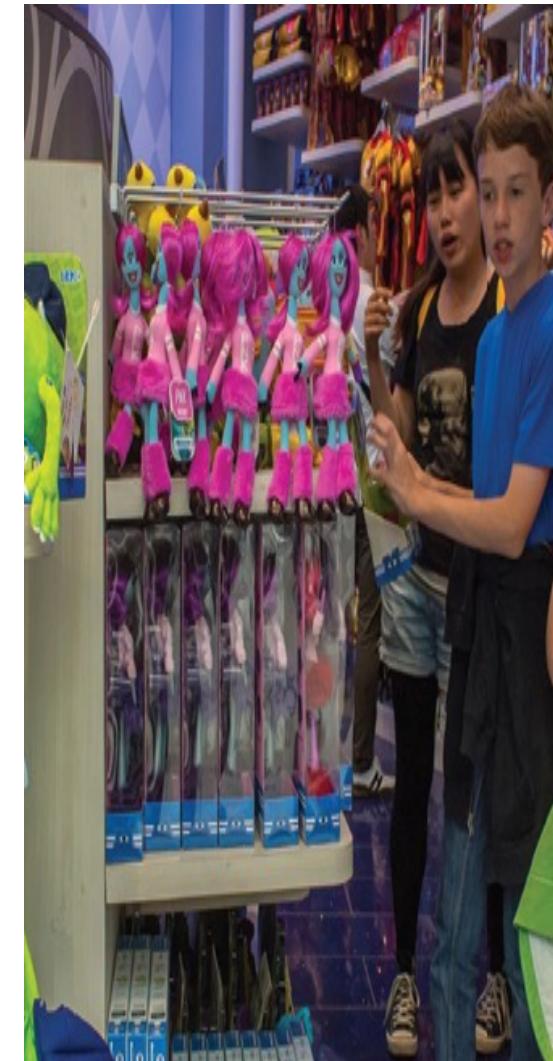


Subcultures- include nationalities, religions, racial groups & geographic regions.

Subculture ads appeal to shared beliefs, values and norms



- **Social class:** the overall rank of social standing of groups of people within a society according to the value assigned to such factors as family background, education, occupation, and income.
- Social class is a perceptual construct and subject to wide variation between individuals.
- It is not how much money a person may have, but rather how it is spent.
- **Status symbols:** products that consumers purchase to signal membership in a desirable social class.
- Examples: the Rolex watch, the Ferrari



# Reference Groups

- **Membership groups-** Groups having a direct influence
  - Primary-as family, friends, neighbors & coworkers
  - Secondary-as religious, professional, and trade-union groups
- **Aspirational groups-** are those a person hopes to join
- **Dissociative groups-**are those whose values or behavior an individual rejects
- **Opinion leader-**An opinion leader is the person who offers informal advice or information about a specific product or product category

# Personal factors

- Age
- Occupation
- Income
- Personality and self-concept
- Lifestyle and values
- Stages in family life cycle



## FAMILY LIFE CYCLE STAGE

Bachelor stage	Young, single person <35	⬇ Income	⬇ Expense
Newly married	Young couples no children	⬆ Income	⬆ Expense
Full Nest I	Young couples with <6 yrs children	⬆ Income	⬇ Expense
Full Nest II	Young couples with 6-12 yrs children	⬆ Income	⬇ Expense
Full Nest III	Old married couples with dependent teenage	⬆ Income	⬆ Expense
Empty Nest I	Old married couples with no children living	⬇ Income	⬇ Expense
Solitary Survivor	Older single person	⬇ Income	⬇ Expense

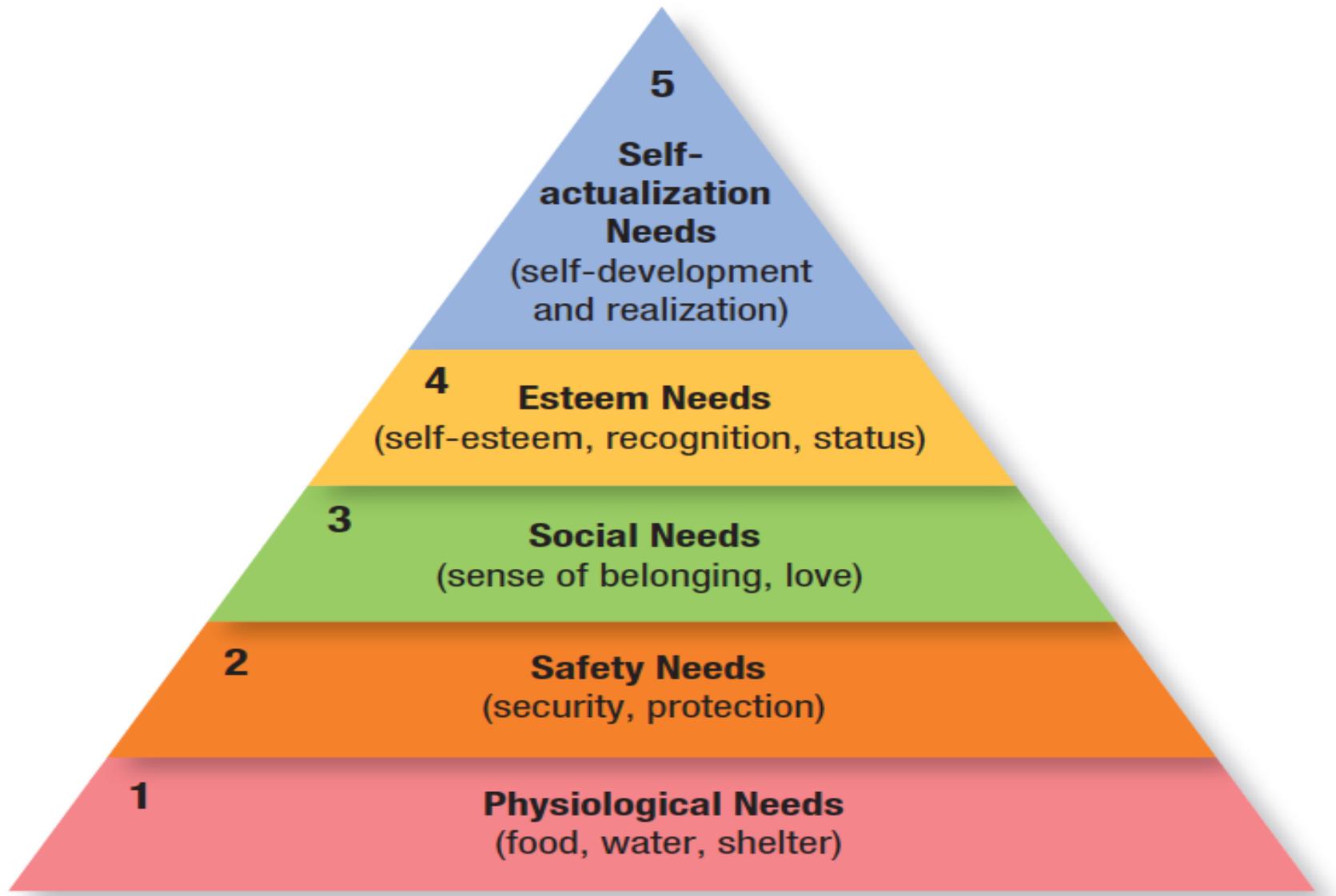
# Key Psychological Processes

## 1. Motivation

- A need becomes a motive when it is aroused to a sufficient level of intensity to drive us to act



# Maslow's Hierarchy Of Needs



## B. Freud's Theory

- Sigmund Freud
- According to him man learns from his environment.
- Taking a cue from a child, Freud said that a child is uninhibited in his behaviour until the time he or she is taught the worldly ways by his or her parents.
- Gradually, as the child grows he starts behaving in a manner, which is socially acceptable.

# C. Herzberg's Theory

Two factor theory that distinguishes dissatisfiers (factors that cause dissatisfaction) from satisfiers (factors that cause satisfaction).

- sellers should do their best to avoid dissatisfiers.
- the seller should identify the major satisfiers or motivators of purchase in the market and then supply them.

## 2. Perception

- Marketers want to know
  - How consumers sense external information
  - How they select and use sources of information
  - How information is interpreted and given meaning

# Using Color to Focus Attention

WE CAN SUM IT UP IN TWO WORDS:  
EXCEPTIONAL, EXTRAORDINARY, FANTASTIC, FRESH TASTE.

ADMITTEDLY, WE'RE BAD AT SUMMATION.

There just aren't enough adjectives to describe the straight-from-the-orange taste of Tropicana Pure Premium.®

# 3. Learning



**Classical Conditioning  
Theory**



- Segmentation, Targeting, Positioning (STP)

**Market segment-** A group of customers who share a similar set of needs and wants

Geographic region	Pacific Mountain, West North Central, West South Central, East North Central, East South Central, South Atlantic, Middle Atlantic, New England
City or metro size	Under 5,000; 5,000–20,000; 20,000–50,000; 50,000–100,000; 100,000–250,000; 250,000–500,000; 500,000–1,000,000; 1,000,000–4,000,000; 4,000,000+
Density	Urban, suburban, rural
Climate	Northern, southern
Demographic age	Under 6, 6–11, 12–17, 18–34, 35–49, 50–64, 64+
Family size	1–2, 3–4, 5+
Family life cycle	Young, single; young, married, no children; young, married, youngest child under 6; young; married, youngest child 6 or older; older, married, with children; older, married, no children under 18; older, single; other
Gender	Male, female
Income	Under \$10,000; \$10,000–\$15,000; \$15,000–\$20,000; \$20,000–\$30,000; \$30,000–\$50,000; \$50,000–\$100,000; \$100,000+
Occupation	Professional and technical; managers, officials, and proprietors; clerical sales; craftspeople; forepersons; operatives; farmers; retired; students; homemakers; unemployed
Education	Grade school or less; some high school; high school graduate; some college; college graduate; post college
Religion	Catholic, Protestant, Jewish, Muslim, Hindu, other
Race	White, Black, Asian, Hispanic, Other
Generation	Silent Generation, Baby Boomers, Gen X, Millennials (Gen Y)
Nationality	North American, Latin American, British, French, German, Italian, Chinese, Indian, Japanese
Social class	Lower lowers, upper lowers, working class, middle class, upper middles, lower uppers, upper uppers
Psychographic lifestyle	Culture-oriented, sports-oriented, outdoor-oriented
Personality	Compulsive, gregarious, authoritarian, ambitious
Behavioral occasions	Regular occasion, special occasion
Benefits	Quality, service, economy, speed
User status	Nonuser, ex-user, potential user, first-time user, regular user
Usage rate	Light user, medium user, heavy user
Loyalty status	None, medium, strong, absolute
Readiness stage	Unaware, aware, informed interested, desirous, intending to buy
Attitude toward product	Enthusiastic, positive, indifferent, negative, hostile

# Bases for Segmenting Consumer Markets

Geographic segmentation

Demographic segmentation

Psychographic segmentation

Behavioral segmentation

# 1. Geographic Segmentation

- Geographical units
  - Nations, states, regions, counties, cities, or neighborhoods
- (Grassroots marketing- marketers concentrate on making such activities as personally relevant to individual customers as possible.)
- Nielsen Claritas' PRIZM (Potential Rating Index by Zip Markets)- regional marketing means marketing right down to a specific zip code. The inhabitants in a cluster tend to lead similar lives, drive similar cars, have similar jobs, and read similar magazines.



# Geographic Segmentation

## Examples of PRIZM Cluster

- ***Young Digerati.*** Young Digerati are the nation's tech-savvy singles and couples living in fashionable neighborhoods on the urban fringe. Affluent, highly educated, and ethnically mixed, they live in areas typically filled with trendy apartments and condos, fitness clubs and clothing boutiques, casual restaurants, and all types of bars—from juice to coffee to microbrew.
- ***Beltway Boomers.*** One segment of the huge baby boomer cohort—college-educated, upper-middle-class, and home-owning—is Beltway Boomers. Like many of their peers who married late, these boomers are still raising children in comfortable suburban subdivisions and pursuing kid-centered lifestyles.
- ***The Cosmopolitans.*** Educated, midscale, and multiethnic, the Cosmopolitans are urbane couples in America's fast-growing cities. Concentrated in a handful of metros—such as Las Vegas, Miami, and Albuquerque—these households feature older homeowners, empty nesters, and college graduates. A vibrant social scene surrounds their older homes and apartments, and residents love the nightlife and enjoy leisure-intensive lifestyles.

## 2. Demographic Segmentation

### **Age and life-cycle stage**

- Our wants and abilities change with age

### **Life stage**

- A person's major concern (e.g., divorce, second marriage, taking care of an older parent, deciding to cohabit with another person, buying a new home, and so on.)

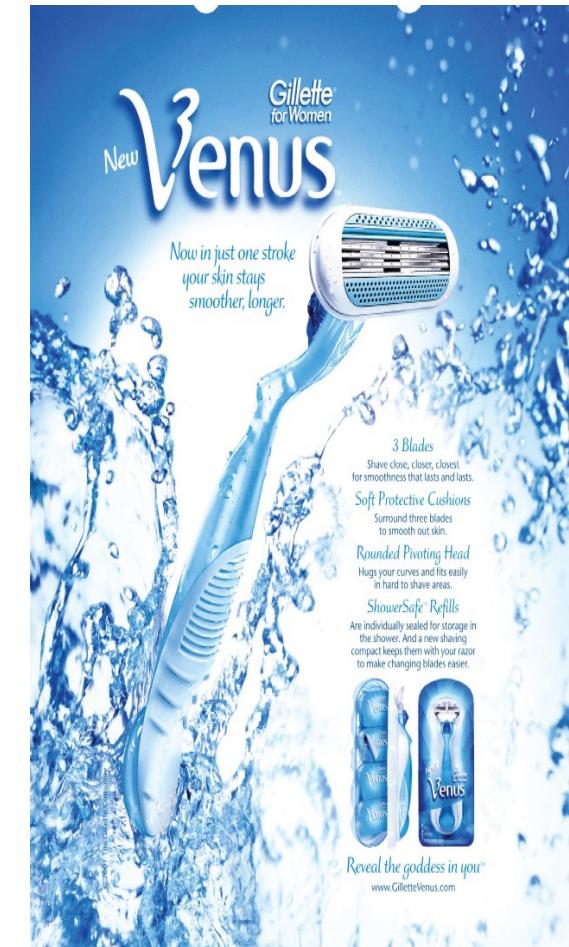


# Gender

- Men and women have different attitudes and behave differently

# Income

- Income segmentation is a long-standing practice
- Blue-collar workers were among the first purchasers of color television sets; it was cheaper for them to buy a television than to go to movies and restaurants.



## **Millennials (Gen Y)**

- born between 1977 and 1994.
- Also known as the Echo Boomers, “digital native”
- Millennials have been wired almost from birth— playing computer games, navigating the Internet.
- They are highly socially conscious, concerned about environmental issues, and receptive to cause marketing efforts.

## **Gen X**

- born between 1964 and 1978.
- Gen Xers prize self-sufficiency and the ability to handle any circumstance.
- Technology is an enabler for them, not a barrier.
- Unlike the more optimistic, team-oriented Gen Yers, Gen Xers are more pragmatic and individualistic.
- As consumers, they are wary of hype and pitches that seem inauthentic.

## Baby Boomers

- consumers born between 1946 and 1964.
- Though they represent a wealthy target, possessing \$1.2 trillion in annual spending power and controlling three-quarters of the country's wealth, marketers often overlook them.
- With many baby boomers approaching their 70s and even the last and youngest wave cresting 50, demand has exploded for products to turn back the hands of time.

# Silent Generation

- Those born between 1925 and 1945
- “Silent Generation”—are redefining what old age means. To start with, many people whose chronological age puts them in this category don’t see themselves as old.
- Advertisers have learnt that older consumers don’t mind seeing other older consumers in ads targeting them, as long as they appear to be leading vibrant lives.
- But marketers have learnt to avoid clichés like happy older couples riding bikes or strolling hand in hand on a beach at sunset.

# Race and Culture

## Hispanic Americans

- have become largest minority in country.
- By 2020, 17% of U.S. residents will be of Hispanic origin.
- Annual purchasing power of \$1.5 trillion, they would be world's ninth-largest market if they were a separate nation.
- Often share strong family values—several generations may reside in one household—and strong ties to their country of origin.

## Asian

- People having origins in any of original peoples of Far East, Southeast Asia or Indian subcontinent.
- 6 countries represent 79% of Asian American population: China (21%), Philippines (18%), India (11%), Vietnam (10%), Korea (10%), and Japan (9%).
- Telecommunications and financial services are few of the industries more actively targeting them.
- More brand-conscious than other minority groups yet are least loyal to particular brands.
- Tend to care more about what others think (for instance, whether their neighbors will approve of them) and share core values of safety and education.

## African Americans

- projected to have a combined spending power of \$1.1 trillion.
- They are deeply rooted in U.S. landscape while also proud of their heritage and respectful of family ties.
- Most fashion-conscious of all racial and ethnic groups but are strongly motivated by quality and selection.
- More likely to be influenced by their children when selecting a product and less likely to buy unfamiliar brands.
- Watch television and listen to radio more than other groups and are heavy users of mobile data.
- Nearly  $\frac{3}{4}$  have a profile on more than one social network, with Twitter being extremely popular.

## Lesbian, gay, bisexual, and transgender (LGBT)

- market is estimated to make up 5% to 10% of the population.
- have approximately \$700 billion buying power.
- Many firms have recently created initiatives to target this market.
- Some firms worry about backlash from organizations that will criticize or even boycott firms supporting gay and lesbian causes.
- Although Pepsi, Campbell's, and Wells Fargo all experienced such boycotts in the past, they continue to advertise to the gay community.

### 3. Psychographic Segmentation

**Buyers are divided into groups on the basis of psychological/personality traits, lifestyle, or values**



## 4. Behavioral Segmentation- Marketers divide buyers into groups on the basis of their knowledge of, attitude toward, use of, or response to a product

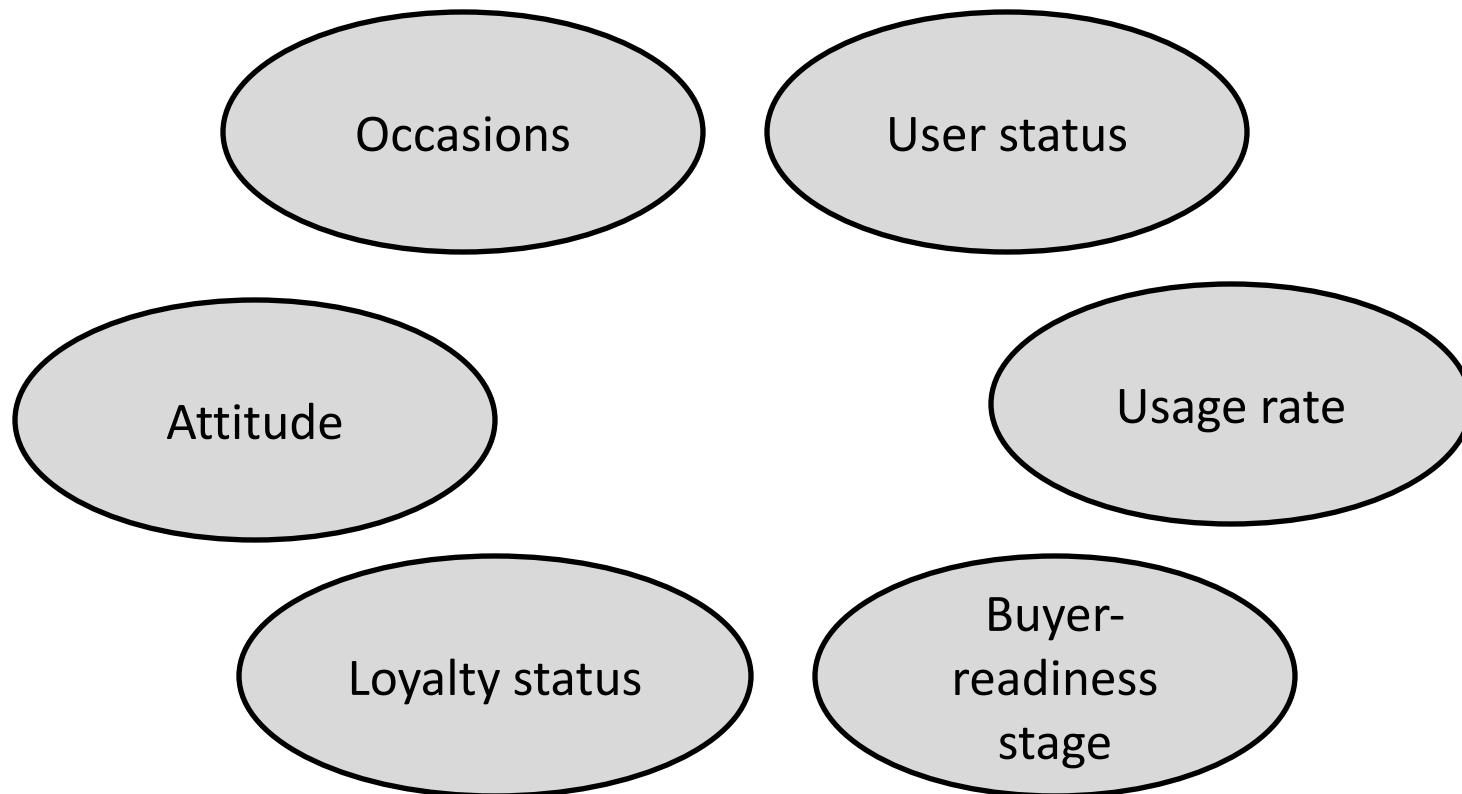


# Decision roles

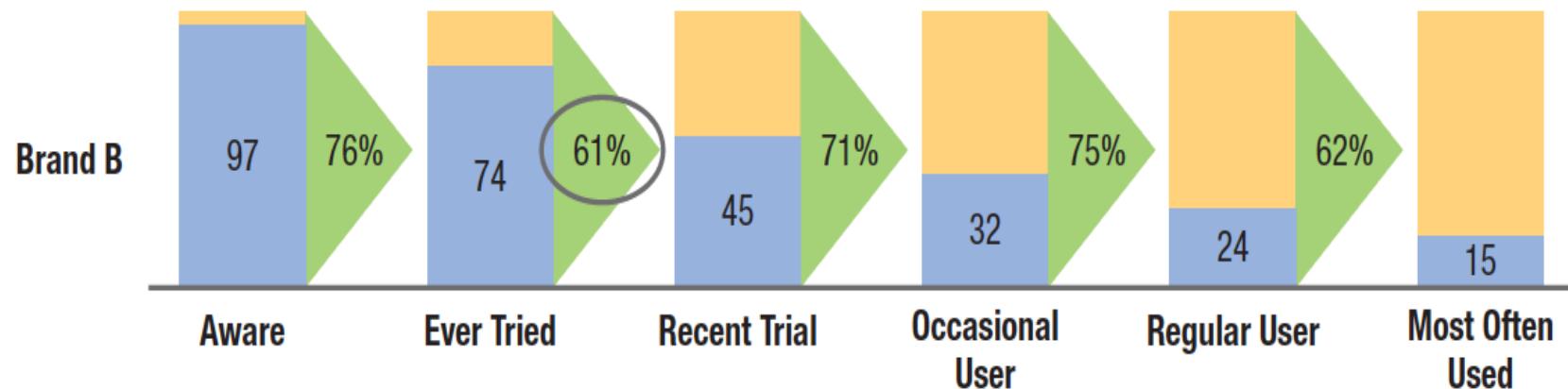
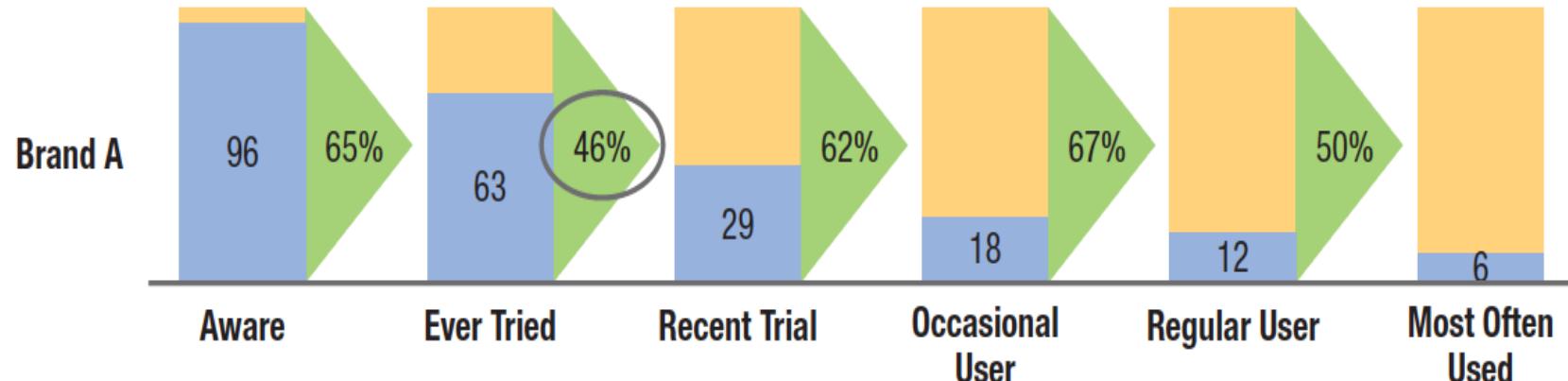
- Initiator
- Influencer
- Decider
- Buyer
- User



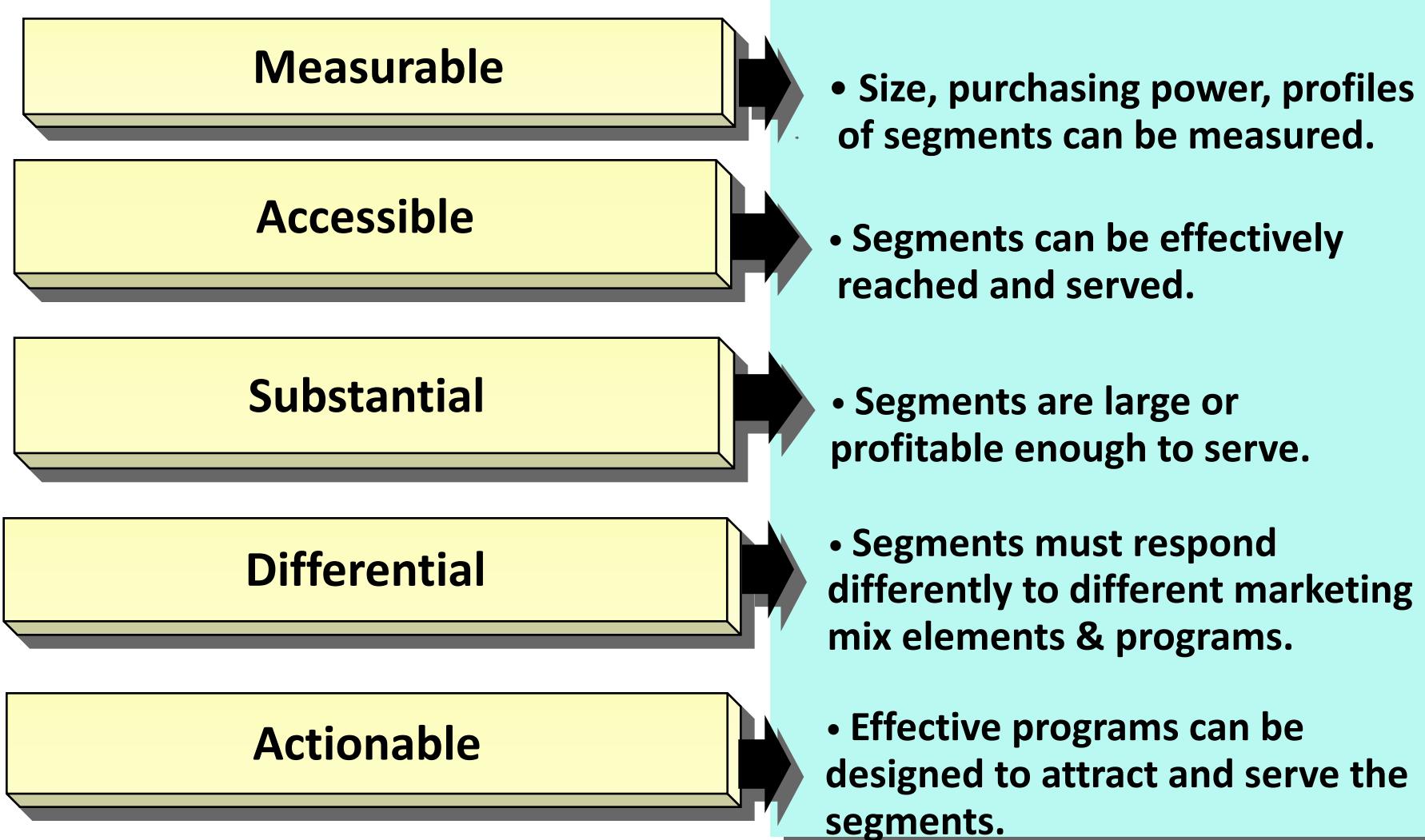
# User and usage-related variables



# Marketing Funnel (Buyer Readiness Stage)



# Targeting (Effective Segmentation Criteria)



# Positioning

The act of designing a company's offering and image to occupy a distinctive place in the minds of the target market.



**Value proposition-** Hertz, Volvo, and Domino's—have defined their value proposition through the years with their target customers.

Examples of Value Proposition-

Company and Product	Target Customers	Value Proposition
Hertz (car rental)	Busy professionals	Fast, convenient way to rent the right type of a car at an airport
Volvo (station wagon)	Safety-conscious upscale families	The safest, most durable wagon in which your family can ride
Domino's (pizza)	Convenience-minded pizza lovers	A delicious hot pizza, delivered promptly to your door

# Points-of-difference (PODs)

Attributes/benefits that consumers strongly associate with a brand, positively evaluate, and believe they could not find to the same extent with a competitive brand



# Points-of-parity (POPs)

Attribute/benefit associations that are not necessarily unique to the brand but may in fact be shared with other brands



# Selling Process

1. Prospecting
2. Qualifying
3. Pre-approach
4. Approach
5. Presenting & Demonstration
6. Objection Handling
7. Closing sale
8. Following up



- Sales Force Size
  - Sales Territory
  - Sales Quota
  - Sales Force Compensation (salary, commission)
  - Sales technology
  - Evaluating Sales Executive Performance



# Sales Force Management

Recruitment

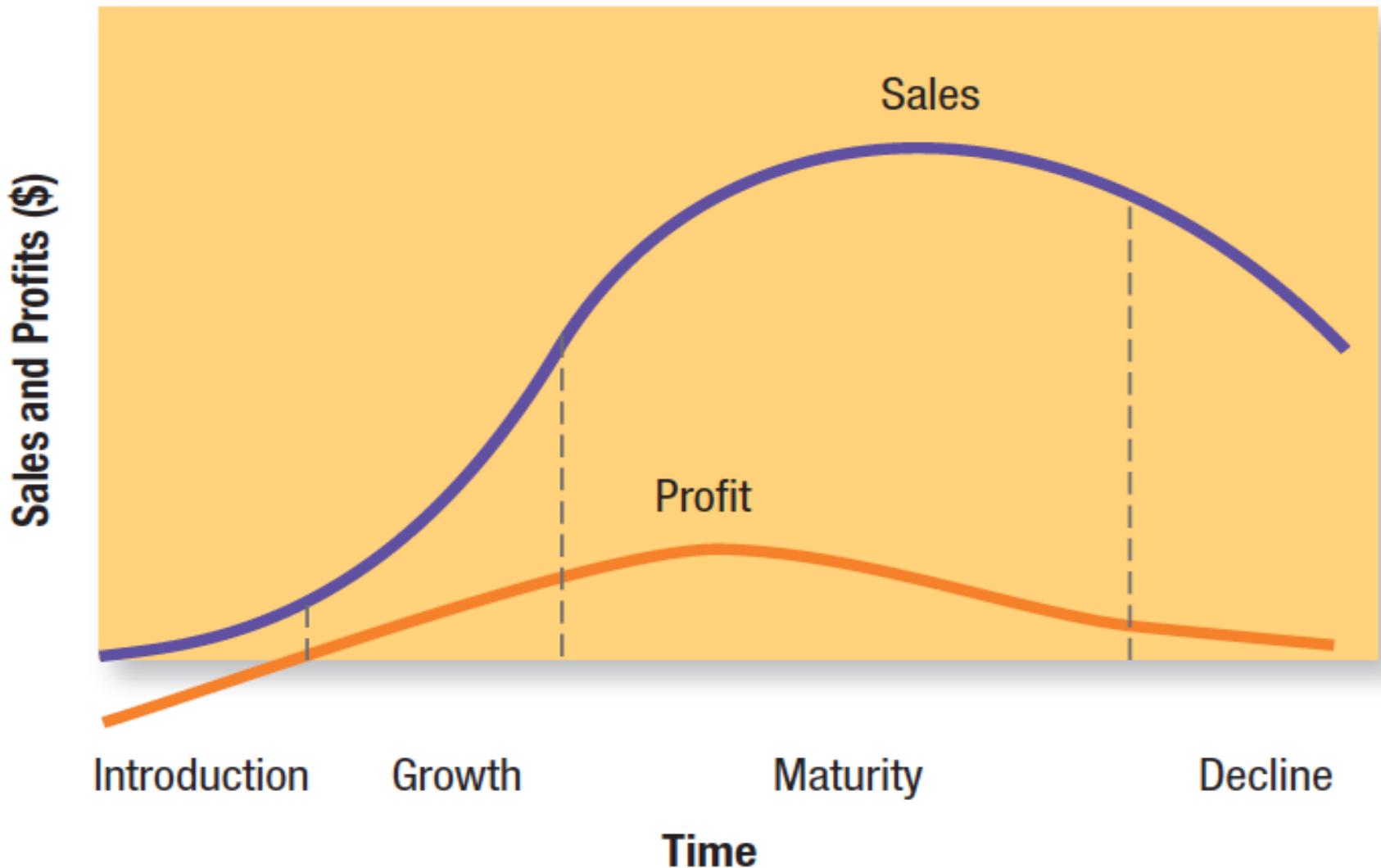
Selection

Training

Motivation

Evaluation

# Product Life Cycle



# Introduction Stage Maggi

- 1982 Maggi launched in India.
- Segmented on the basis of age, urban families targeting kids, youth & office goers.
- Positioning itself as fast to cook, 2 minute noodles.
- Tagline “Taste bhi, Health bhi”.
- Positioning no issue, as no instant noodle had been launched in India, Maggi was the first one.
- High failure rates, frequent product modification (to adjust to Indian consumer), high marketing they were trying to build product awareness.
- With a lot of ups and downs and high failure rates, Maggi survived introduction stage.



# Growth Stage Maggi

- 1985, demand for Maggi had increased in India,
- Monopoly till 1990, after which Top Ramen entered market reducing market share of Maggi a little.
- 10 years back Maggi had 50% of the market.
- In order to increase its sales again, Maggi introduced a new flavour in 1997 which wasn't well accepted by the consumer.
- Thus in 1999, Nestle re-launched its old flavour of Maggi, getting back on track in terms of sales.
- Over the years, Nestle has also introduced many products under the Maggi brand, like the ketchups, soup, oats, pasta, more noodle flavours



# Maturity Stage Maggi

- Maggi's sales were at peak, production costs were low, profits were high.
- In 2003, HUL was all set to take on Nestle's Maggi by launching a new category of liquid snacks under its food brand Knorr Annapurna.
- Priced 5Rs, new product called Knorr Annapurna Soupy Snax was made available in 4 varieties.
- Like Maggi, it had a similar target market and positioned it in a similar manner.
- Maggi also faced tough competition from Top Ramen.
- Maggi reaching the peak and seeing the sales rate declining launched a series of new products.
- While keeping price aggressive at 5 Rs, made distribution channel more intensive to encourage their product over competitor.



# Decline Stage Maggi

- Banning of Maggi, due to high lead content almost led us to believe that it may be reached its last phase, decline stage.
- But Nestle invested more in research of Maggi and took corrective actions. e.g. Internal employee engagement, increased campaign, more activities on social media and revived back.
- Current scenario, after the world was hit by Corona Virus, Maggi sales shot up by 25% as consumers stayed home and stockpiled instant noodles.
- With increase in total and domestic sales by 8.1% and 8.5%, respectively, Maggi's revenue in the year 2020 and 2021 is continuing to increase.
- Maggi therefore escaped its death and climbed back from the decline stage and recovered well.



# **Strategic Considerations in Product Life Cycle**

## **Introduction Strategies**

### a) High Price- Low Promotion Spending

This strategy will yield high profit per unit and also keep the marketing costs down. It is likely to succeed when:

- Competition is limited
- Market size is limited
- Product awareness already exists
- Customers are willing to pay a high price

## b) Low Price- Heavy Promotion Spending

This will help in cornering a bigger market share and faster market penetration. The conditions under which it is likely to succeed are:

- Large market
- Price sensitive buyers
- Product unawareness
- Strong competition
- Economy of scale in production

## 2)Growth Strategies

Some typical strategies are:

- \* Improving and/or adding features will expand the market for a company.
- \* Price should not be raised. On the other hand, strategic lowering of prices should be resorted to attract more buyers.
- \* Increased emphasis on promotions
- \* Distribution channel would need to be strengthened
- \* In advertising, some emphasis would shift from new product awareness to product conviction.
- \* Increased investment on product improvement, promotion and distribution may lower the current profits but the company can make it up in the next stage.

### 3) Maturity Stage

#### a) Market Modification

- New Users
- New market segments
- Increased usage among present customers

#### b) Product Modification

- Quality
- Features
- Styles

#### c) Marketing Mix

Value for money concepts, contests, prizes

# 4) Decline Stage

- a) Maintain- hoping that with passage of time competition will drop and product will sell
- b) Harvest- by reducing the cost and hoping that product will be sold
- c) Drop- by ending the product



# Marketing Communications

- Means by which firms attempt to inform, persuade, and remind consumers about the products and brands they sell



# Direct Marketing

Direct mail

Catalog marketing

Telemarketing

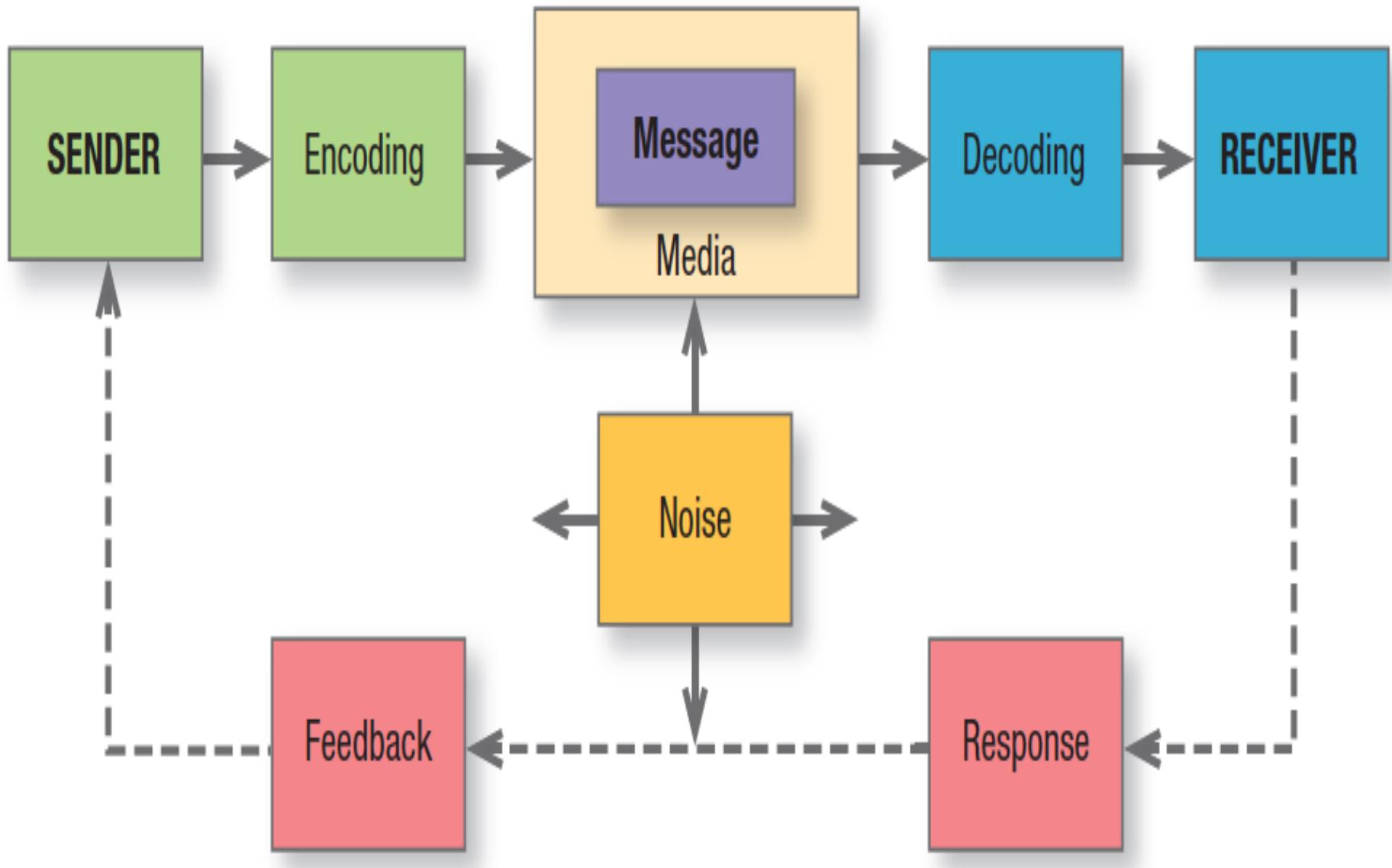
Other direct-response marketing

# Online Marketing

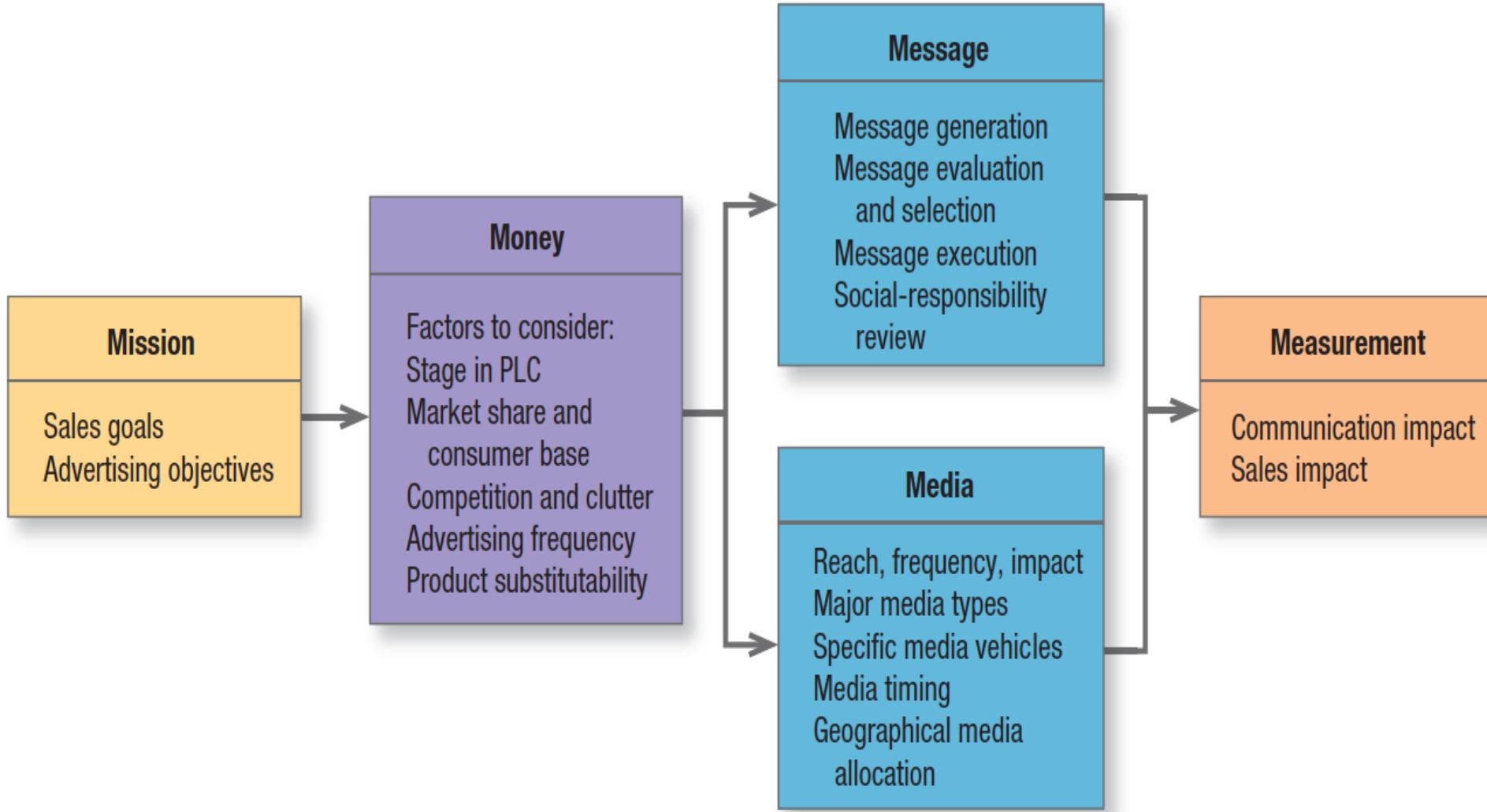
- \* Web sites
- Ease of use
- Physical attractiveness
- Microsites
- \* Search ads
- Paid search or pay-per-click ads
- Search engine optimization (SEO)
- \* Display ads



# Elements in Communications Process



# Developing and Managing Advertising Program

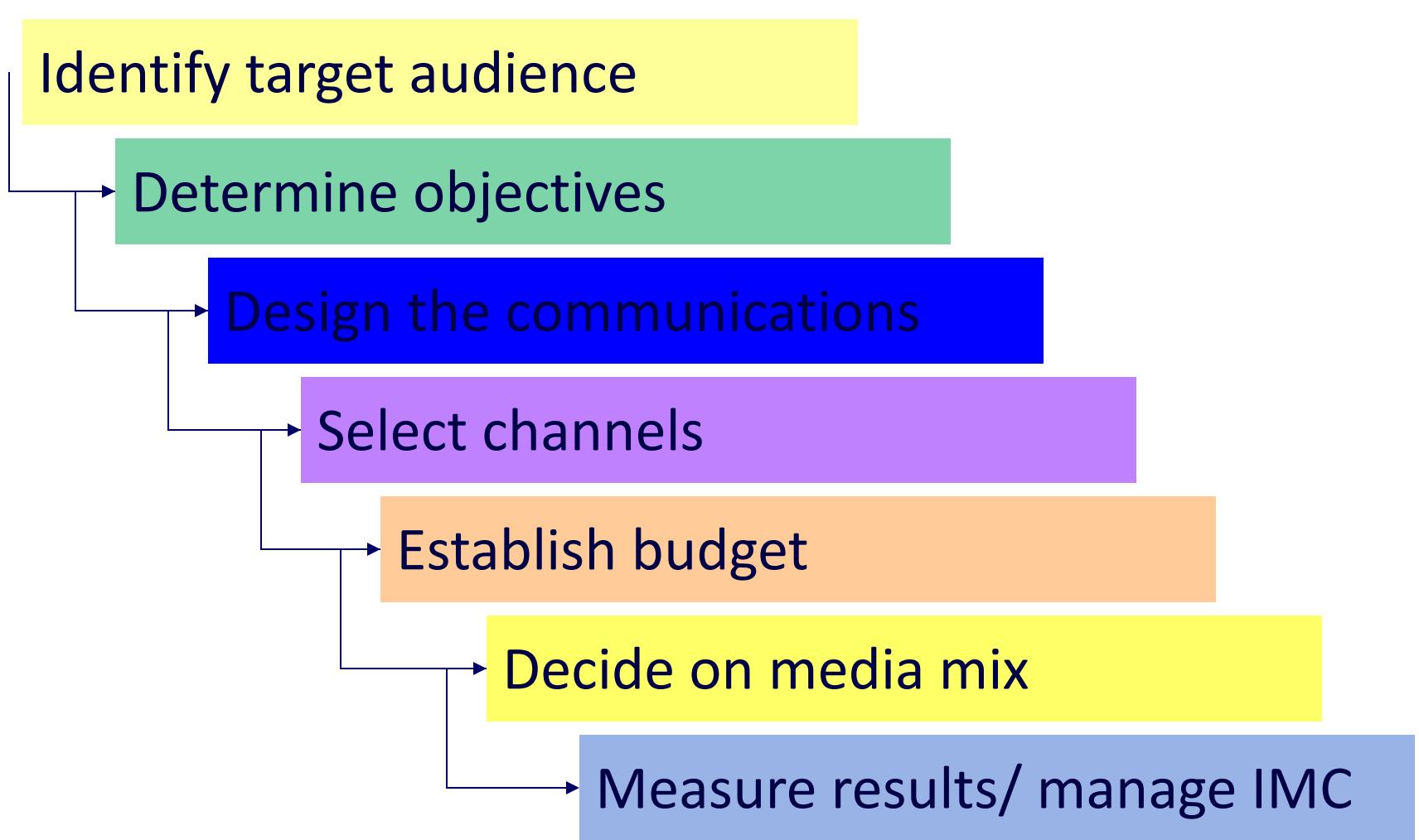


# Choosing Media

- Viewership
- Readership
- Frequency
- Reach
- TRP
- Impact=frequency\*reach



# Steps in Developing Effective Communications



# Developing the Advertising Campaign

- Creative development and execution
  - Advertising medium (television, print, and radio advertising media)



# Product Characteristics

Anything that can be offered to a market to satisfy a want or need, including physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas

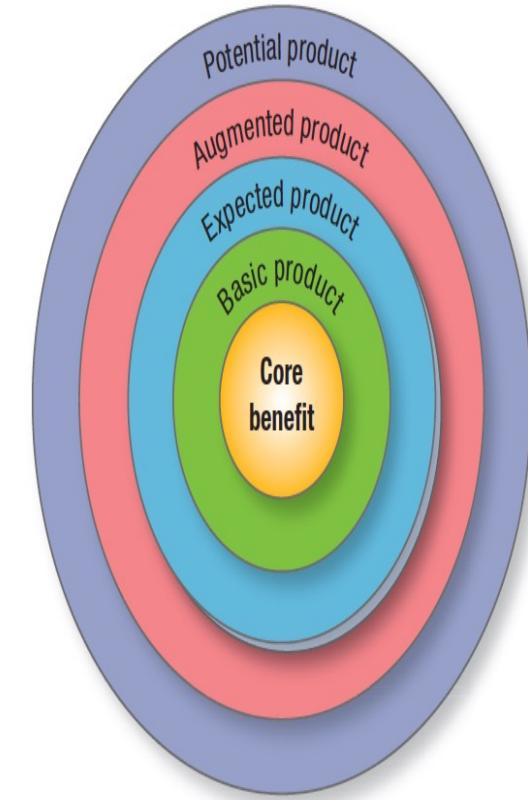


# Five Product Levels

**Core benefit:** service/benefit customer is buying. A hotel guest is buying rest and sleep.

**Basic Product:** marketer must turn core benefit into a basic product. Hotel room includes a bed, bathroom, towels, desk, dresser, and closet.

**Expected:** marketer prepares an expected product, a set of attributes and conditions buyers normally expect when they purchase this product. Hotel guests minimally expect a clean bed, fresh towels, working lamps, and a relative degree of quiet.



**Augmented:** marketer prepares an augmented product that exceeds customer expectations. In developed countries, brand positioning and competition take place at this level.

**Potential product:** which encompasses all the possible augmentations and transformations the product or offering might undergo in the future. Here companies search for new ways to satisfy customers and distinguish their offering.

# **Consumer-Goods Classification**

**Convenience goods-** consumer usually purchases convenience goods frequently, immediately with minimal effort. e.g soft drinks, soaps, newspapers.

**Impulse goods-** purchased without any planning or search effort, like candy bars and magazines.

**Emergency goods-** purchased when a need is urgent, umbrellas during a rainstorm, boots and shovels during the first winter snow.

**Shopping goods**- consumer compares on suitability, quality, price, and style. E.g furniture, clothing, and major appliances.

**Specialty goods**- have unique characteristics/brand identification for which enough buyers are willing to make a special purchasing effort. e.g cars, audio-video components, and men's suits.

**Unsought goods**- consumer does not know about/ nor normally think of buying, such as smoke detectors, life insurance, cemetery plots, and gravestones.

# Brand

A brand is a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.



# Luxury brands

- Quality
- Uniqueness
- Craftsmanship
- Heritage
- Authenticity
- History



Packaging- All the activities of designing and producing the container for a product

Labeling- Identifies, grades, describes, and promotes the product



# Product Mix/Assortment

## Width

Personal Laundry Skin care Hair care Oral care Tea Foods  
Wash

Lux Surf Fair & Sunsilk Pepsodent Brooke Kissan  
Lifebuoy Excel Lovely Clinic Close up Bond Knorr

**Length** Liril      Rin      Ponds      Lipton      Annapurna  
Dove      Wheel  
Pears  
Rexona

# PRODUCT MIX

Set of all products and items that a particular seller offers for sale.

**Length-** total number of items in the mix.

**Width-** how many different product lines the company carries.



**Depth**- how variants are offered of each product in the line. e.g. three sizes and two formulations (Lux in 4 scents in 2 sizes).

**Consistency**- how closely related various product lines are in end use, production requirements, distribution channels. HUL's product lines are consistent insofar as they are consumer goods that go through the same distribution channels.



# Service

- Any act or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything



# Characteristics of Services

Intangibility

Inseparability

Variability

Perishability

# Intangibility

- Services cannot be seen, tasted, felt, heard, or smelled

Physical evidence and presentation tools:

- ✓ Place
- ✓ People
- ✓ Equipment
- ✓ Communication material
- ✓ Symbols
- ✓ Price

# Inseparability

- Services are typically produced and consumed simultaneously



# Variability

- The quality of services depends on who provides them, when and where, and to whom
  - As such, services are highly variable



# Perishability

- Services cannot be stored
- Strategies to match demand & supply

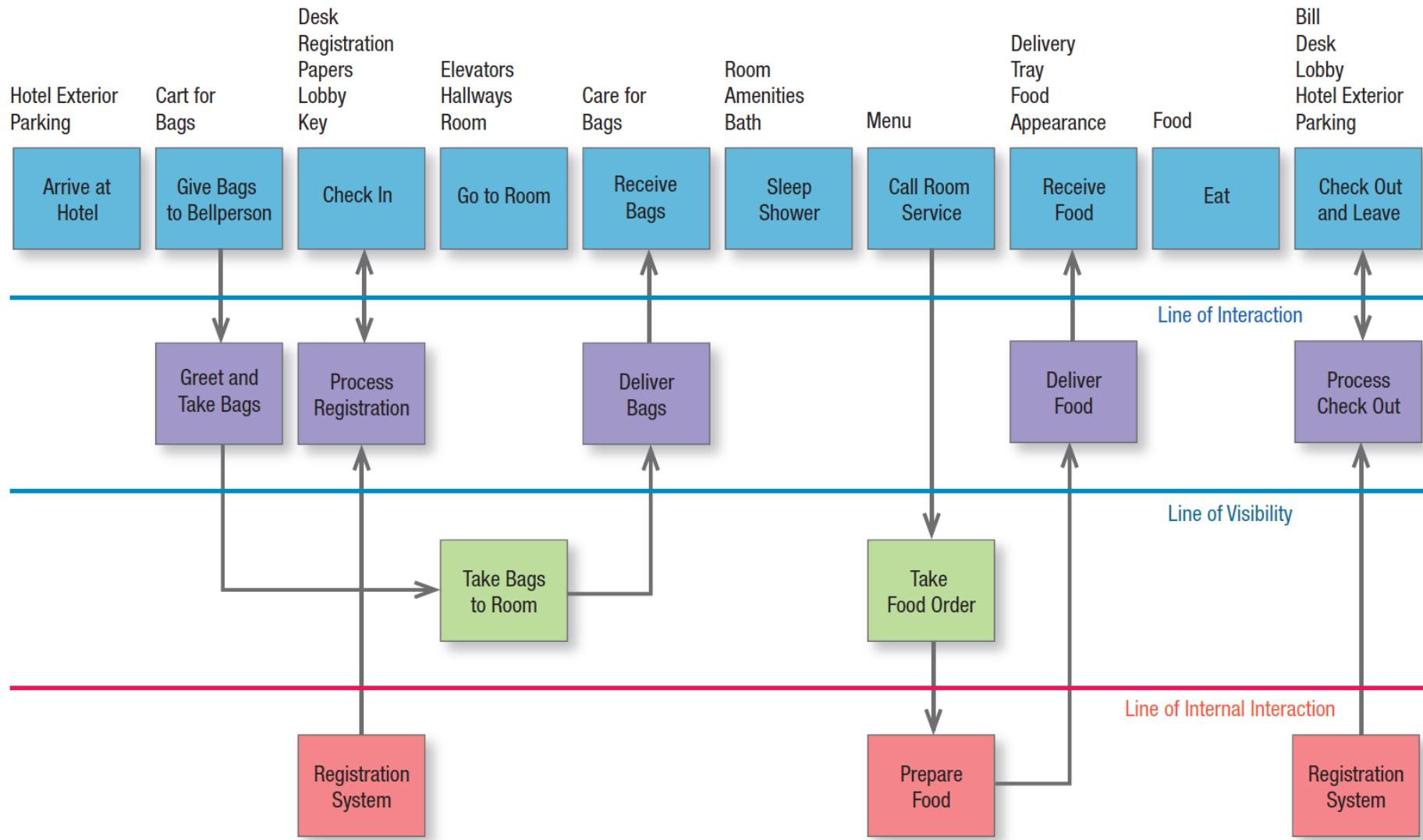
## On demand side

- Differential pricing
- Nonpeak demand
- Complementary services
- Reservation services

## On supply side

- Part-time employees
- Peak-time efficiency routines
- Increased consumer participation
- Shared services
- Facilities for future expansion

# Blueprint for Overnight Hotel Stay



# 7 Ps of Services

PEOPLE	PHYSICAL ENVIRONMENT	PROCESS
Employees	Facility design	Flow of activities
Customers	Equipment	Number of steps
Communicating culture and values	Signage	Level of customer involvement
Employee research	Employee dress	
	Other tangibles	

# Tata Tea partners with Amazon to strengthen positioning

Tata Tea Gold partners with Amazon. In one of the first-ever tie-ups, it has announced that it is partnering with Amazon in a multi-platform collaboration that brings together the online streaming and e-commerce channel. The partnership is for the movie Shakuntala Devi that is being released on Amazon Prime Video. Tata Tea Gold will be the exclusive beverage partner of the film, being released on July 31 on Prime Video. The brand drives its key proposition 'Dil Ki Suno' through relevant partnerships like Shakuntala Devi, a quirky young woman's life journey where she opted to follow her passion and love for mathematics.

Puneet Das, vice president marketing, beverages India, Tata Consumer Products, said, "This partnership has been due to a fantastic collaborative effort of Tata Consumer Products, Wavemaker India and Amazon Prime Video Team." He added that for these kinds of tie-ups, the relevant measure to evaluate is ROO viz Return on Objective. Considering the relevance of the movie with the brands communication objective and the current consumer trend of increase in the online streaming of movie watching, this partnership seems to be in the right direction.

Tata Tea Gold will kick-off the campaign with co-branded creatives on Amazon.in, before launching a 360° media campaign on TV, digital and social media across all key markets. On the process of the association with an OTT platform different from traditional films, Das added that releasing films on OTT seems to be the new normal for the world of entertainment. "OTT/ Online Streaming platforms like Amazon Prime Video can help content reach millions of potential consumers at the fraction of the cost of a formal release. It's the same as how we would tie-up with traditional films, but it's just that in the current environment, this seems like the most relevant medium for new movie releases. One should not think of OTT/streaming platform as a replacement to traditional films but as an extension, an ally," he said. Moreover, earlier in the year, Tata Tea Gold had launched one of the first-ever web series in partnership with TVF's Girliyapa channel, on bringing alive Tata Tea Gold' proposition - 'Dil ko naa kahoge to pacchtaoge' with a series of 'Dil Ki Suno' stories.



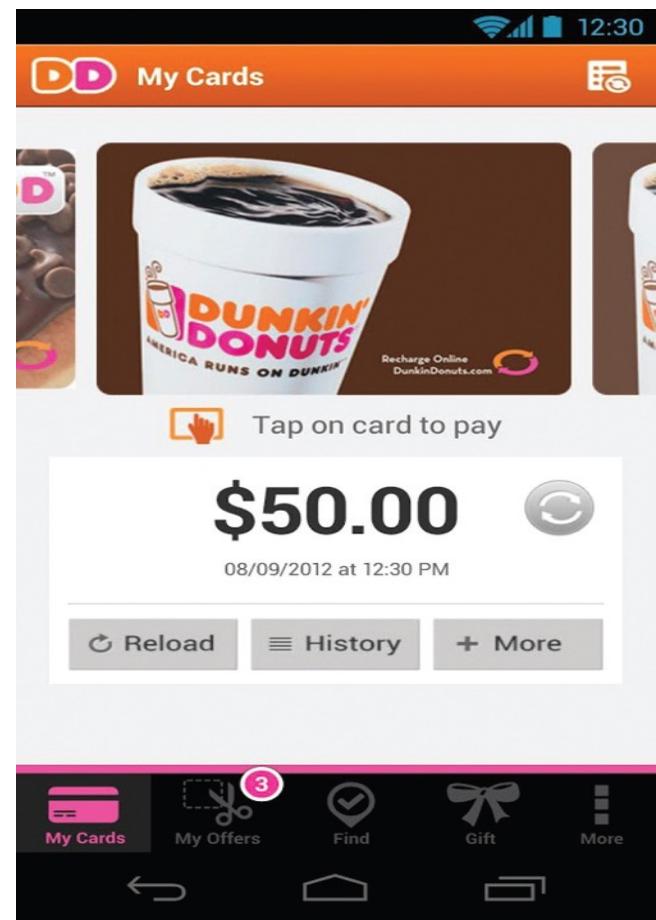
# E-Commerce

- E-commerce
  - Uses a Web site to transact or facilitate the sale of products and services online



# M-Commerce

- Mobile channels and media can keep consumers as connected and interacting with a brand as they choose
  - Advertising and promotion
- Privacy issues



# Retailing

- Retailing
  - All the activities in selling goods or services directly to final consumers for personal, nonbusiness use
- Retailer/retail store
  - Any business enterprise whose sales volume comes primarily from retailing



# GLOBAL RETAILERS

<u>Selected Retailers</u>	\$	<u>Billion Dollar Brands</u>
Wal-Mart (US) .....	50 billion	Sam's Choice, Great Value, Old Roy, George, ASDA, Faded Glory, Equate.
Sears (US) .....	30 billion+	Kenmore, Craftsman, DieHard, Lands' End.
Tesco (UK) .....	18 billion+	Tesco.
Gap (US).....	13.8 billion	Gap, Old Navy, Banana Republic.
Kroger (US) .....	13.7 billion	Kroger, Private Selection.
Carrefour (France).....	13 billion	Carrefour
Target (US) .....	13 billion	\$2 billion Cherokee (Licensed clothing brand).
Kmart (US) .....	13 billion	\$1.5 billion Martha Stewart Everyday, Route 66.



**Carrefour**



IKEA (Sweden) .....	11 billion	IKEA
Marks & Spencer (UK).....	10 billion+	St Michaels
Safeway (US) .....	8.6 billion	Safeway Select.
Albertson's (US) .....	6.6 billion	Albertson's.
Costco (US) .....	4 billion	Kirkland Signature
Casino (France) .....	3 billion+ **	Leader Price.
Loblaws (Canada) .....	2.3 billion	\$1.5 billion
	President's Choice	
IGA (US) .....	1 billion+	IGA Brand
The Body Shop (UK) .....	1 billion+	The Body Shop

# Private Labels

- A private-label brand is a brand that retailers and wholesalers develop
  - Role of private labels
  - Private-label success factors



# Wholesaling

- Wholesaling includes all the activities in selling goods or services to those who buy for resale or business use



# Logistics

- Order processing: how should we handle orders?
- Warehousing: where should we locate our stock?
- Inventory: how much stock should we hold?
- Transportation: how should we ship goods?  
road, rail, water, air

# Steps in Setting a Pricing Policy

1. Selecting the Pricing Objective
2. Determining Demand
3. Estimating Costs
4. Analyzing Competitors' Costs, Prices, and Offers
5. Selecting a Pricing Method
6. Selecting the Final Price

# Step 1: Selecting the Pricing Objective

**Survival:** Companies pursue survival as their major objective if they are plagued with overcapacity, intense competition or changing consumer wants. As long as prices cover variable costs and some fixed costs, company stays in business.

**Maximum Current Profit:** Many companies try to set a price that will maximize current profits. They estimate demand and costs associated with alternative prices and choose price that produces maximum current profit, cash flow or rate of return on investment.

**Maximum Market Share:** Some companies want to maximize their market share. They believe a higher sales volume will lead to lower unit costs and higher long-run profit, so they set lowest price assuming market is price sensitive.

**Maximum Market Skimming:** Companies unveiling a new technology favor setting high prices to maximize market skimming. Sony has been a frequent practitioner of market-skimming pricing, in which prices start high and slowly drop over time.

**Product-Quality Leadership:** A company might aim to be product-quality leader in market. Many brands strive to be “affordable luxuries”—products or services characterized by high levels of perceived quality, taste, and status with a price just high enough not to be out of consumers’ reach.

**Other Objectives:** Nonprofit and public organizations may have other pricing objectives. A university aims for partial cost recovery, knowing that it must rely on private gifts and public grants to cover its remaining costs.

# Step 2: Determining Demand

**Price Sensitivity:** Demand curve shows market's probable purchase quantity at alternative prices, summing reactions of many individuals with different price sensitivities. First step in estimating demand is to understand what affects price sensitivity. Customers are less price sensitive to low-cost items or items they buy infrequently. They are also less price sensitive when (1) there are few or no substitutes or competitors; (2) they do not readily notice higher price; (3) they are slow to change their buying habits; (4) they think the higher prices are justified; and (5) price is only a small part of total cost of obtaining, operating and servicing product over its lifetime.



**Estimating Demand Curves:** Most companies attempt to measure their demand curves using several different methods.

Surveys can explore how many units consumers would buy at different proposed prices.

Statistical analysis of past prices, quantities sold, and other factors can reveal their relationships.

**Price Elasticity of Demand:** Marketers need to know how responsive, or elastic, demand is to a change in price.

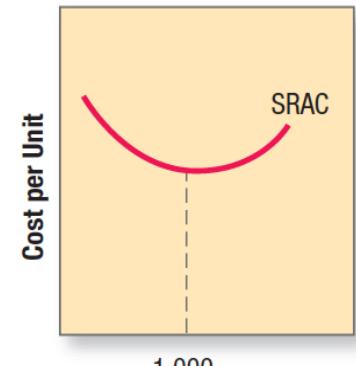
# Step 3: Estimating Costs

## Types of costs and levels of production

- Fixed vs. variable costs
- Total costs
- Average cost

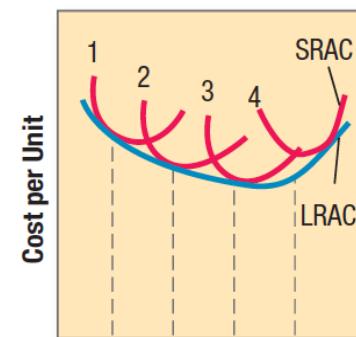
Samsung has built a fixed-size plant to produce 1,000 tablet computers a day. Cost per unit is high if few units are produced per day. As production approaches 1,000 units per day, average cost falls because fixed costs are spread over more units. Short-run average cost increases after 1,000 units, however, because the plant becomes inefficient: Workers must line up for machines, getting in each other's way and machines break down more often Fig (a). If Samsung believes it can sell 2,000 units per day, it should consider building a larger plant. Plant will use more efficient machinery and work arrangements and unit cost of producing 2,000 tablets per day will be lower than unit cost of producing 1,000 per day. This is shown in the long-run average cost curve (LRAC) in Fig (b). In fact, a 3,000-capacity plant would be even more efficient according to Fig (b), but a 4,000-daily production plant would be less so because of increasing diseconomies of scale: There are too many workers to manage, and paperwork slows things down. Fig (b) indicates that a 3,000-daily production plant is optimal size if demand is strong enough to support this level of production.

(a) Cost Behavior in a Fixed-Size Plant



Quantity Produced per Day

(b) Cost Behavior over Different-Size Plants

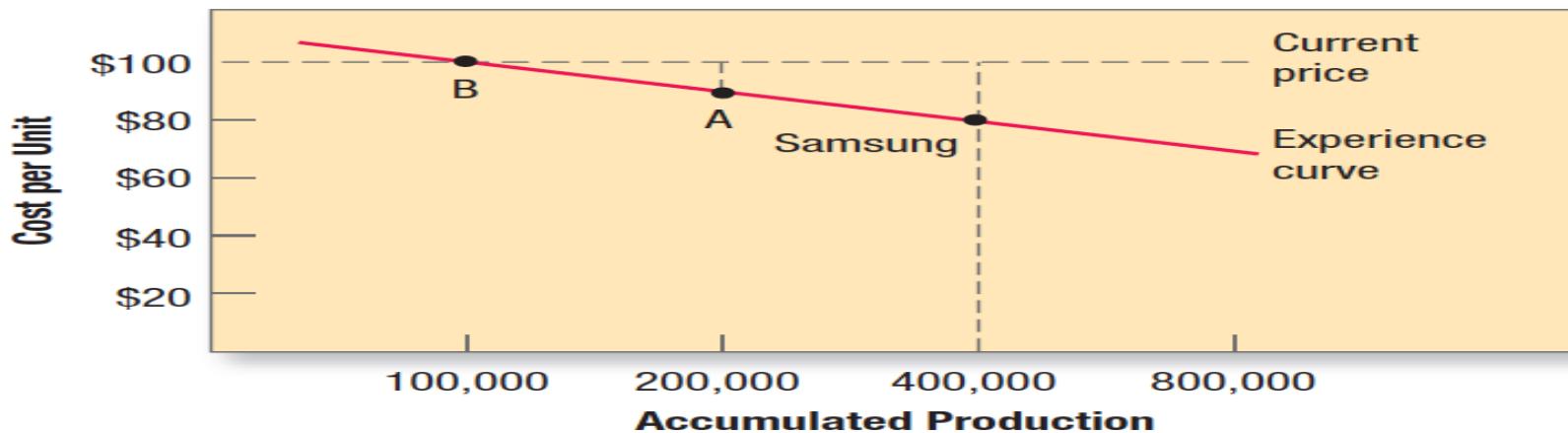


Quantity Produced per Day

# Step 3: Estimating Costs

Suppose Samsung plant produces 3,000 tablet computers per day. As the company gains experience producing tablets, its methods improve. Result as Fig shows, average cost falls with accumulated production experience. Thus the average cost of producing first 100,000 tablets is \$100 per tablet. When company has produced the first 200,000 tablets, average cost has fallen to \$90. After its accumulated production experience doubles again to 400,000, average cost is \$80. This decline in average cost with accumulated production experience is called experience curve or learning curve. Now suppose three firms compete Samsung, A, and B. Samsung is lowest-cost producer at \$80, having produced 400,000 units in past. If all three firms sell tablet for \$100, Samsung makes \$20 profit per unit, A makes \$10 per unit and B breaks even. mart move for Samsung would be to lower its price to \$90. This will drive B out of the market, and even A may consider leaving. Samsung will pick up the business that would have gone to B (and possibly A). Furthermore, price-sensitive customers will enter the market at the lower price.

- **Accumulated production**
  - Experience/learning curve



# Step 4: Analyzing Competitors' Prices

- Firm must take competitors' costs, prices, & reactions into account
  - Value-priced competitors (Companies offering the powerful combination of low price and high quality are capturing the hearts and wallets of consumers all over the world.)



# Step 5: Selecting a Pricing Method

a) **Markup pricing**- Add a standard markup to the product's cost. Construction companies submit job bids by estimating the total project cost and adding a standard markup for profit. Lawyers and accountants typically price by adding a standard markup on their time and costs. Assume manufacturer wants to earn a 20 percent markup on sales. Manufacturer will charge dealers \$20 per toaster and make a profit of \$4 per unit. If dealers want to earn 50 percent on their selling price, they will mark up the toaster 100 percent to \$40.

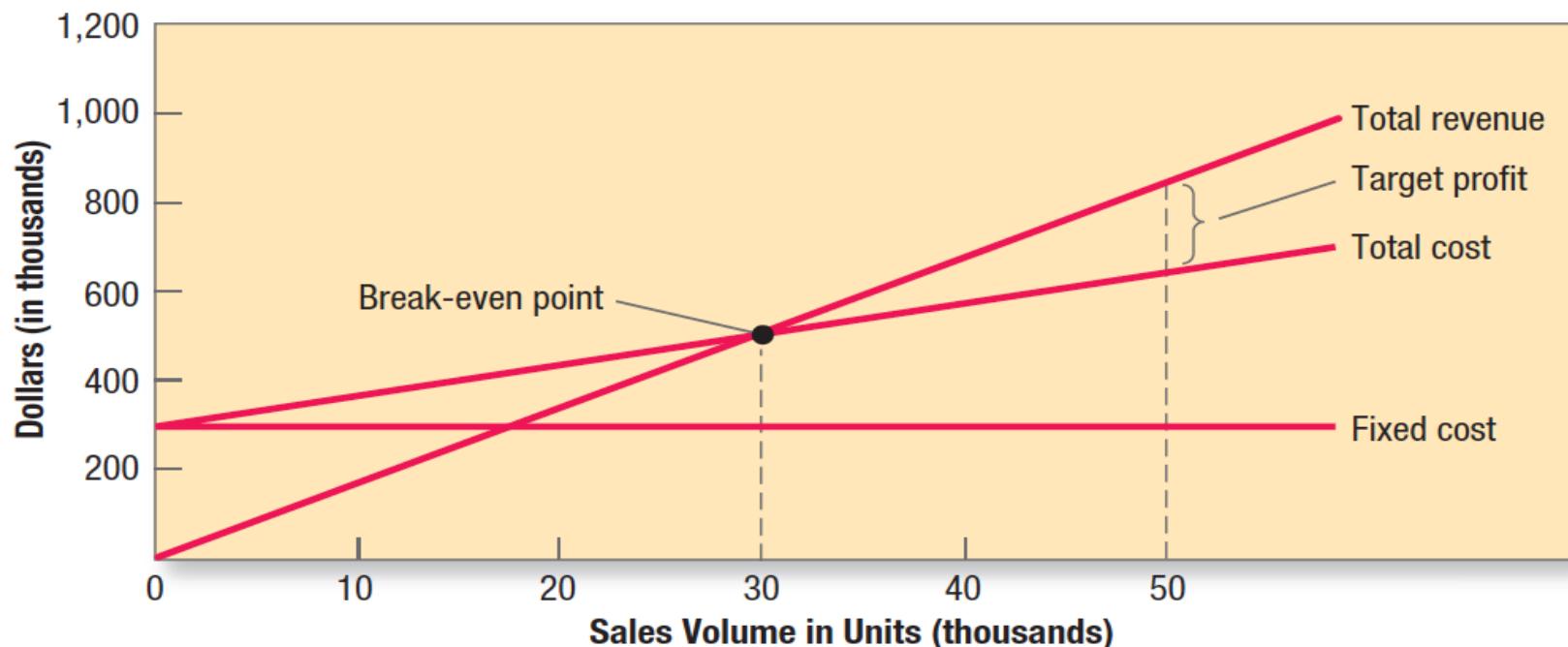
$$\text{Markup price} = \frac{\text{unit cost}}{(1 - \text{desired return on sales})}$$

**b) Target-return pricing-** Price that yields its target rate of return on investment. Public utilities, which need to make a fair return on investment, often use this method. Suppose toaster manufacturer has invested \$1 million in business and wants to set a price to earn a 20 percent ROI, specifically \$200,000. Target-return price of \$20 is calculated by formula on this slide.

$$\text{Target-return price} = \text{unit cost} + \frac{\text{desired return} \times \text{invested capital}}{\text{unit sales}}$$

# Figure: Break-Even for Target-Return Price

Manufacturer can prepare a break-even chart to learn what would happen at other sales levels (see Figure). Fixed costs are \$300,000 regardless of sales volume. Variable costs, not shown in figure, rise with volume. Total costs equal the sum of fixed and variable costs. Total revenue curve starts at zero and rises with each unit sold. Total revenue and total cost curves cross at 30,000 units. This is break-even volume.



### c) Perceived-value pricing

Based on buyer's image of product, channel deliverables, warranty quality, customer support and softer attributes (e.g., reputation)

**d) Value Pricing:** Companies that adopt value pricing win loyal customers by charging a fairly low price for a high-quality offering. Value pricing is not a matter of setting lower prices; it is a matter of reengineering the company's operations to become a low-cost producer without sacrificing quality to attract a large number of value-conscious customers.



**e) EDLP:** A retailer using everyday low pricing (EDLP) charges a constant low price with little or no price promotion or special sales.

**f) Going-Rate Pricing:** firm bases its price largely on competitors' prices. Going-rate pricing is quite popular. Where costs are difficult to measure or competitive response is uncertain, firms feel it is a good solution because they believe it reflects industry's collective wisdom.

**g) Auction-type pricing:** is growing more popular, especially with scores of electronic marketplaces selling everything.

