

Introduction to Marketing Management

What is Marketing?

“Marketing is convincing the Customer”

“Marketing is creating/ meeting the Needs Profitably”

“Marketing is building Relationships & generating Satisfaction for Customers”

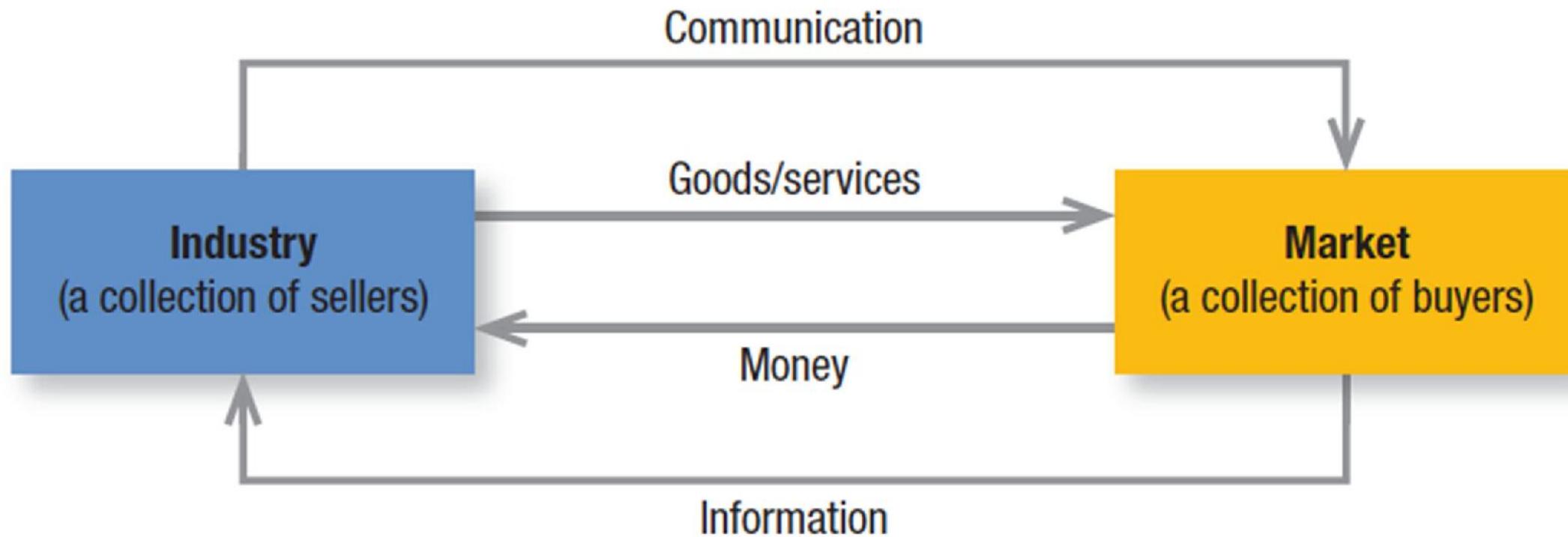
Marketing Definition

- ▶ According to **American Marketing Association**,
*“Marketing is the activity, set of Institutions and processes for creating, communicating, delivering and exchanging offerings that have **value** for customers, clients, partners and society at large.”*

Marketing Management

- ▶ Marketing Management is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value.

Marketing System



What is Marketed ?

- Goods
- Services
- Events
- Experiences
- Personalities
- Places
- Organizations
- Properties
- Information
- Ideas and concepts

Types of Needs

- ▶ **Stated Needs** (The Customer wants an inexpensive car)
- ▶ **Real Needs** (The customer wants a car whose operating cost is low & not the initial price)
- ▶ **Unstated Needs** (The customer expects good service from the dealer)
- ▶ **Delight Needs** (The customer would like the other dealer to include an onboard GPS navigation system)
- ▶ **Secret Needs** (The customer wants friends to see him/ her as a savvy consumer)

Marketing Vs. Selling

Marketing	Selling
Marketing focuses on identifying buyer's needs and try to fulfill the same i.e. converting " customer needs " into ' products '	Selling focuses on convincing customers to purchase company's products i.e. converting ' products ' into " Money ".
Marketing revolves around needs & interest of buyers	Selling revolves around needs & interest of seller (Company)
'Customer satisfaction' is the primary motive.	'Sales' is the primary motive.
Marketing involves ' Pull ' strategy	Selling involves ' Push ' strategy
Marketing considers an outside-in perspective	Selling considers an inside-out perspective
Marketing is broader concept and includes many activities like marketing research, product planning & development, pricing, promotion, distribution, selling etc.	Selling is a narrow concept and a part of marketing
Conceptual and analytical skills are required.	Selling and conversational skills are required.

Core Concepts of Marketing

CORE CONCEPTS OF MARKETING:



Customer & Client

► Customer:

- A person that **purchases** goods or services from seller or company, but **lacks loyalty** to the company.
- **Generally** involves in one time purchase of product i.e. **short-term relationship** for economic exchange.
- May/may not be the actual user.

► Client:

- A person who looks for **professional & customized** products from the business
- **Generally** involves in **long-term, loyal** and ongoing business relationship
- From company's perspective, a client **relationship** is **deeper**, requires **more involvement**, and is **more fruitful**.

Consumer, Influencer & Decision Maker

► Consumer:

- The **end user** who actually uses the product
- May/ **may not purchase** the product themselves

► Influencer:

- A person who **influence** Customer, Client or Consumer to purchase or use the product
- May/ **may not be** existing Customer/ Client or Consumer

► Decision Maker:

- A person who has the **authority to decide** whether or not to purchase any product



**What is the difference between
Need, Want and Demand ?**

Needs

- ▶ **Needs** are the basic human requirements which generally includes Food, Clothing and Shelter
- ▶ In today's scenario, People have strong needs for **Education, Healthcare, Recreation & Entertainment**

Wants

- ▶ **Wants** are a step ahead of Needs
- ▶ Needs become Wants when they are directed to **specific objects** that might satisfy the Need
- ▶ A want is something a person would like to have, but It is **not absolutely necessary**
- ▶ E.g. Branded Clothes, Big House, Gold/ Diamond Jewellery etc.

Demands

- ▶ A step ahead of Wants is Demands
- ▶ When an individual wants something, which is premium and he also has the **ability to pay for it**, then these wants are converted to **Demands**

Want + Ability to Pay = Demand



**What is the difference between
Product and Brand ?**

Product

- ▶ Product perform some function & fulfill customer's needs
 - **E.g.** – Transportation fulfills customer's need of travelling from one place to another
- ▶ Products in the same category performs similar functions and thus fulfill the same needs

Brand

- ▶ Brand is an offering from a known/ popular source
- ▶ Brand fulfill customer's Demands
- ▶ Brands offer an Emotion, and help to differentiate it from the similar products by competitors

Examples of Products & Brands

<u>Products</u>	<u>Brands</u>
Smartphone	Samsung Galaxy, I Phone, Vivo, One+, Redmi
Wrist Watch	Titan, Sonata, Fastrack, Timex, Casio, Rolex
Smart TVs	Sony Bravia, Samsung, LG, MI
Bikes	Hero Splendor, Honda Unicorn, Bajaj Pulsar, Suzuki Gixer
Cars	MS Ciaz, Hyundai I20, Honda City

Marketing of Services

- ▶ Service is any **act** or **performance** one party can offer to another that is essentially **intangible** and does not result in the ownership of anything
- ▶ It may or may not be tied to a physical product

Categories of the Services

An offering may include **minor or major Service component**, accordingly it can be divided into following categories

- ▶ A pure tangible good – No service component (e.g. FMCG)
- ▶ A tangible good with accompanying services (E.g. Consumer durables, Automobile)
- ▶ A hybrid (E.g. Restaurant, IT - H/W & S/W)
- ▶ A major service with accompanying minor goods/services (E.g. Air travel with Meal)
- ▶ A pure service (Healthcare, Insurance, Consulting etc.)

Distinctive Characteristics of Services

Intangibility:

- ▶ Services cannot be seen, tasted, felt, heard, or smelled before they are bought
- ▶ **E.g.** Healthcare, Finance, Consultancy



Distinctive Characteristics of Services

Intangibility:

- ▶ To reduce the Uncertainty, buyers look for Physical evidence and presentation tools:
 - ✓ Place
 - ✓ People
 - ✓ Equipment
 - ✓ Communication material
 - ✓ Symbols
 - ✓ Price

Distinctive Characteristics of Services

Inseparability:

- ▶ Services are typically produced and consumed simultaneously and can't be inventoried like tangible goods
- ▶ **E.g.** Hotel, Haircut, Cinema
- ▶ To address this issue, service provider can adopt 'Yield Management – Pricing strategy to manage the demand



Distinctive Characteristics of Services

Variability:

- ▶ The quality of services depends on who provides them, when, where, and to whom
- ▶ **E.g.** Education, Financial Advisory, Consultancy
- ▶ To address this issue
 - ▶ Invest in good hiring & training procedures
 - ▶ Standardize Service performance process
 - ▶ Monitor Customer satisfaction



Distinctive Characteristics of Services

Perishability:

- ▶ Services cannot be stored and get affected due to demand fluctuations
- ▶ Strategies to match demand & supply

On demand side

- Differential pricing (Ola, Uber)
- Nonpeak demand (Wednesday Bazaar)
- Complementary services (ATMs)
- Reservation services (Airlines)

On supply side

- Part-time employees
- Peak-time efficiency routines (employees focus on specific tasks)
- Increased consumer participation (Form fill up, Take away counter)
- Shared services (Connected Flights)
- Facilities for future expansion

Importance of Marketing in Service Sector

- ▶ Helps in Differentiating the Service Organization
- ▶ Enables firms in communicating the intangible aspect of Service
- ▶ Assists in Affecting Customers' Perception
- ▶ Helps in Building Relationships
- ▶ Useful to justify the Price being charged
- ▶ Enables firms in demonstrating the Process

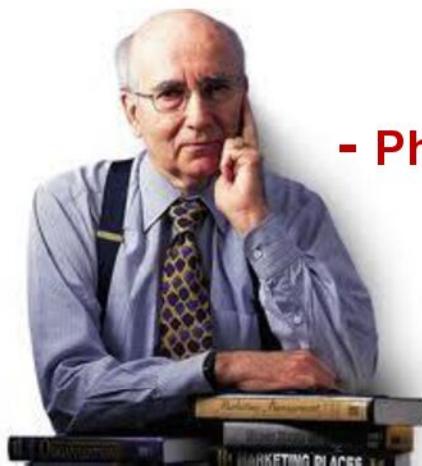
Marketing Mix:

The 4 P's of Marketing by Kotler.



“If the marketer does a good job of **identifying consumer needs, developing appropriate products, AND pricing, distributing, and promoting them effectively**, these good will **sell very well**”

- Philip Kotler



Importance of Marketing Mix

- Marketing mix helps in new product development
- It is a guide to improve a business
- It helps in differentiation
- It helps in creating goodwill
- It helps in tackling competition
- It helps in better use of resources
- It helps in creating demand
- It helps in attracting and retaining customers

Product

DUSTER'S SUCCESS FORMULA

Attributes of
an SUV



Performance
of a sedan



Heavily
Indianised



Attention to
detail



Attractive
pricing



Perfect positioning
in the market

DUSTER BY NUMBERS

60,000

Number of cars sold so far

20%

Market share in the compact SUV segment



20

Number of Dusters produced every hour



41

Number of modifications made in the car to suit Indian tastes



12

months

Time taken to modify the car

Accounts for **86 per cent** of Renault India's production, **81 per cent** of its sales and **100 per cent** of its exports

One in three cars made at the Oraagadam factory of Renault-Nissan is a Duster

Product

- Features
- Design
- Quality
- Variety

Price

Today
is Wednesday...
**... Hafte ka sabse
sasta din!**





- Introduced **EDLP (Everyday low price)** which generate more customer loyalty and is also known to make consumers spend more when inside the store (Big sized trollies, Big sized Discount posters, Huge variety)
- Ensure **High Inventory Turnover** by only stocking those products that are high in demand made by big brands with a higher brand recall.
- Maintain **less credit period** and makes the payment to the vendors with lowest payables days in the industry (7.9 days).
(Creditors happy to offer more discounts to DMart on the products since they can recover their dues faster. These discounts are further passed on to the customers of DMart)
- **Store ownership and location strategy** under which DMart buy the land and build their store on their own, instead of lease out spaces, and thus saves on the huge rental costs.
Store locations in tier 2 and tier 3 cities where operating costs will be lower, and avoid stores inside malls since that involves huge Common Area Maintenance charges

Pricing Strategies

- Penetration
- Competition
- Bundle
- Skimming/ Premium

Place

Network of Showrooms & Other Channels



Place

- **Where** and **How** to sell the product to the consumers
- **Direct** Distribution
- **Indirect** Distribution



Promotion



Promotions



Social Media



Fevicol September 8 at 6:50 PM ·

Thinking differently now, are we? 😊

#FevicolKaJod #MazbootJod

Sofa 13 **Sofa 14**

I M Interior and 71 others 7 Shares

Promotion





4Ps - Physical Goods

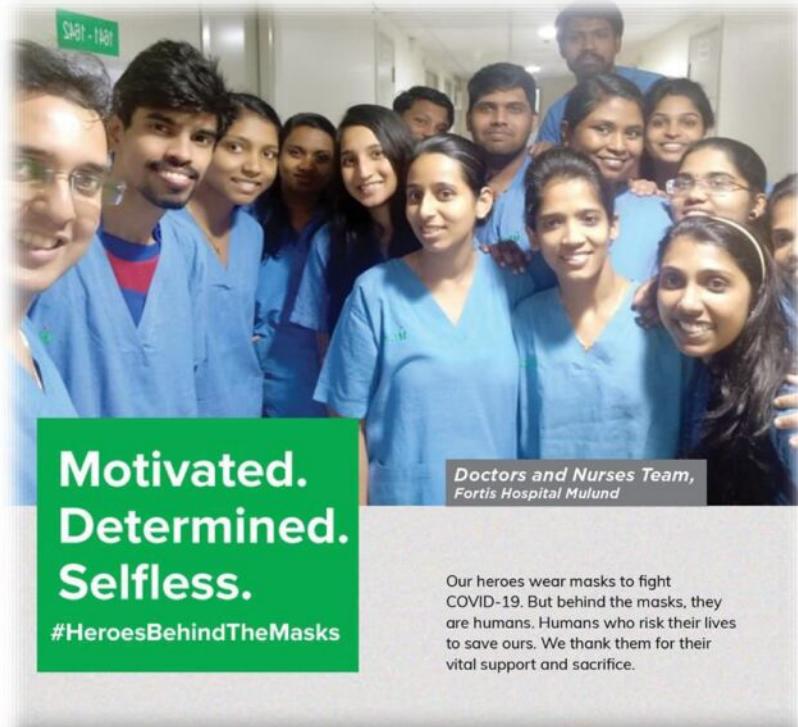


7Ps - Services

People

- **Front line employees** during service encounter
- **After sales representatives** for post purchase support
- **Other employees** involved in service delivery process

People



Physical Evidence

- **Environment** in which the service is delivered
- **Sub elements of service** like ambience, store/ facility design, equipment, signage, employee attire, displays

Physical Evidence



Process

- **Flow of activities and procedures** by which the service is delivered



Customer Value

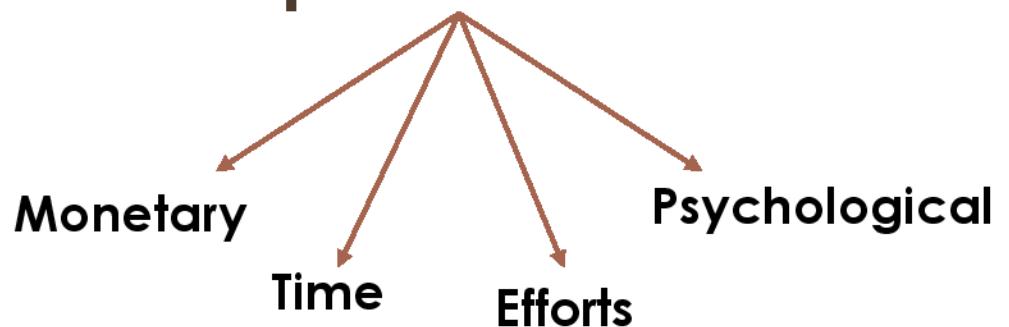
What is Value?

- Value primarily is the putting together of the right combination of QSP for the target market
 - Quality
 - Service
 - Price

Value* = Benefits/ Cost

(* In general terms)

- Customer decides 'Value' based on the Benefits & Costs
- Comparison of **total perceived cost**



In Marketing, **VALUE depends on -**
How Customers **Perceive it**

Value = **Perceived Benefits/**
****Perceived Cost****

○ Benefits

- Economic, Functional, Psychological

○ Cost

- Monetary, Time, Effort, Psychological

Value Perception

- Some buyers may perceive '**Quality Product at Low Price**' as **VALUE**
- Some other may perceive '**Convenience**' as **VALUE**
- Few other may perceive '**Status**' & '**Brand**' as **VALUE**

$$\text{Customer Value} = \frac{\text{Perceived Benefits}}{\text{Perceived Costs}}$$

Customer's evaluation
of benefits & cost of
an **offering**

vs.

Customer's evaluation
of benefits & cost of
perceived alternatives

3 Dimensions of Value

Functional

Product
Attributes,
Performance,
Durability,
Compatibility,
Ease of use etc.

Psychological

Emotional
benefits – Joy,
Social status,
Lifestyle etc.

Monetary

Discounts, Offers,
Cash-back,
Financial rewards
etc.

Customer Value Analysis Process

Identify the Relevant
Attributes & Benefits
that Customers Value

Assess the relative
importance of these
Attributes & Benefits

Assess the company's
& competitors'
Performance on the
key Attributes &
Benefits

Monitor Customer
value over time

How to improve Customer Value?

- Increase the economic, functional, and psychological benefits of the product
- Reduce product's monetary cost to the buyer (**e.g.** free delivery, discount & offers)
- Reduce non-monetary costs to the buyer (**e.g.** faster delivery, extended warranty)

How Marketers do it? - Examples



Customer Value Proposition

- Based on the difference between benefits the customer gets and the costs he or she assumes for different choices
- **Points of difference (POD's)**
 - 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
- Point of Differentiation criteria
 - Desirable
 - Deliverable
 - Differentiating

Customer Value Proposition

- **Points of parity (POPs)**

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

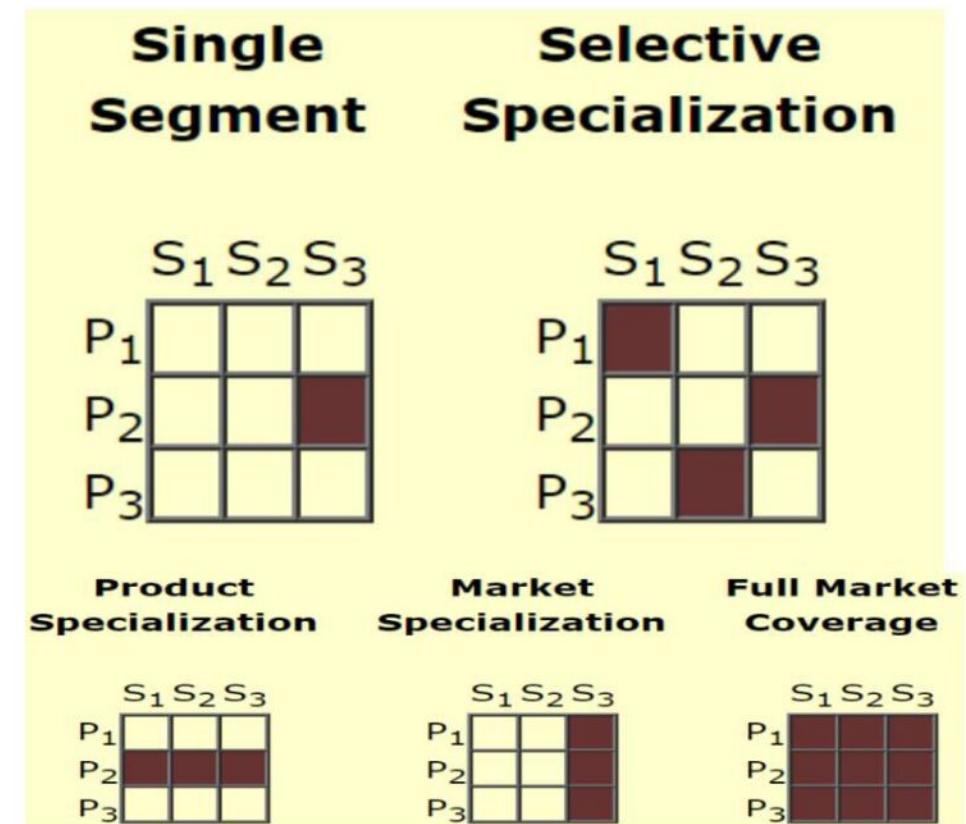
- Point of Parity forms

- Category
 - Correlational
 - Competitive

Targeting Strategies

- **Targeting** – The process of identifying customers for whom the company will optimize its offering
- **Target compatibility** – Can the company create superior value for target customers?
- **Target attractiveness** – Can these customers create superior value for the company?

Targeting Strategies



Targeting Strategies

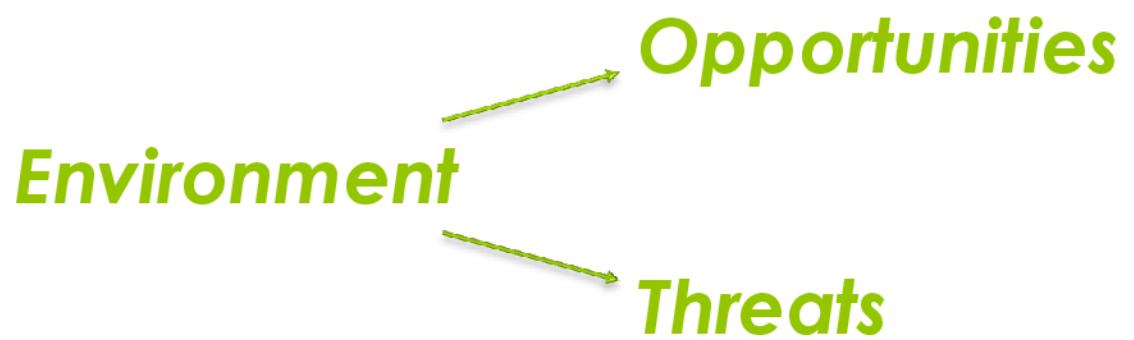
- Identify relevant set of competitive products serving a target market.
- Identify the set of determinant attributes that define the “product space” in which positions of current offerings are located.
- Collect information from a sample of customers and potential customers about perceptions of each product on the determinant attributes.
- Determine product's current location (positioning) in the product space and intensity thereof.

Targeting Strategies

- Determine customers' most preferred combination of determinant attributes
- Examine the fit between preferences of market segments and current position of product (market positioning)
- Write positioning statement or value proposition to guide development and implementation of marketing strategy.

Marketing Environment

Strategic Response to the
Environment, possible only with the
Sound Knowledge of Environment



What is the Marketing Environment?

- The **actors and forces**, **outside** marketing that affect marketing management's ability to build and maintain successful relationships with target customers

Marketing Environmental Scanning?

- Environmental scanning is the **process** of collecting information about the external marketing environment to identify and interpret potential trends.
- It refers to reviewing **external sources and factors that impact the internal operations of a business**
- The **goal** of this process is to analyze the information and decide whether these trends represent significant opportunities or pose major threats to the company.
- The firm can then determine the best response to a particular environmental change.

Macro Environment?

Needs and Trends in Environment

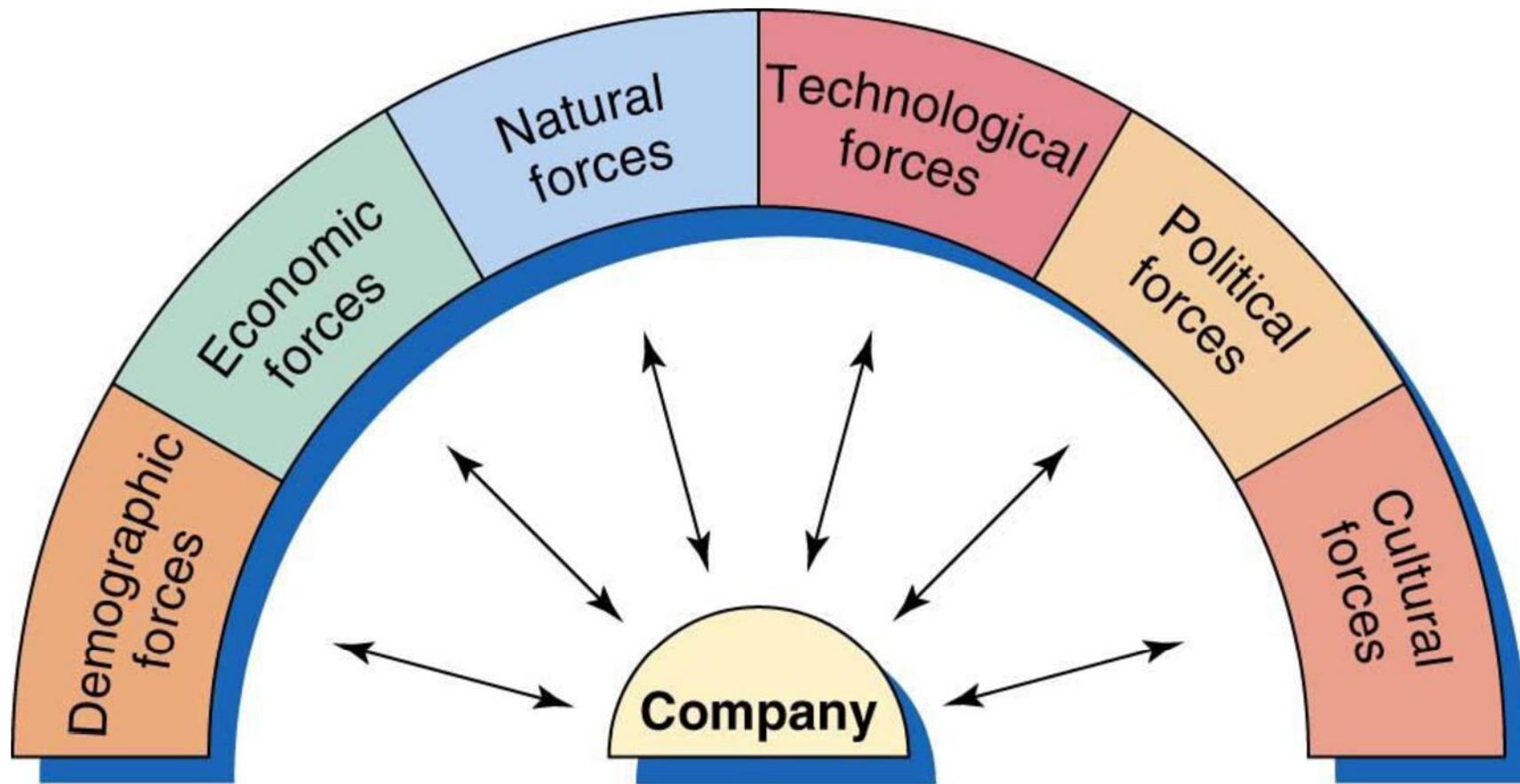
- Fad: Unpredictable, short-lived, and without social, economic, and political significance - quickly gains in popularity and may fade just as quickly
- Trend: Reveal the shape of the future and can provide strategic direction - more predictable and durable than a fad

Macro Environment?

Needs and Trends in Environment

- Megatrend: large social, economic, political, and technological change that is slow to form, and once in place, influences for long time

Macro Environment



Demographic



- Demography gives '**Consumer Profile**'
- It is the study of population in respect of its **size, density, location, age, occupation, marital status, education, income level, household patterns** etc.
- These factors helps in - **Market segmentation, demand forecasting**, determination of market potential

Economic



- Consists of factors that affect **consumer's purchasing power** and **spending patterns**
- Such Factors includes:

Income	Exchange Rates
Savings	Business Cycles
Debt	Interest rates & Credit availability
Credit availability	Standard of living
Price level	Price Levels

Upscale



Downscale

Walt Disney markets different products to match its two-tiered market

Natural



- Availability of **natural resources** as inputs/ raw materials
- Pollution, Protection of wildlife & ocean wealth
- Environmental regulations for packaging materials & disposal of wastages
- Environment friendly measures

Best example are.....

- Whirlpool introduced CFC free Refrigerators.
- Introduction of LED bulb.
- CNG used in vehicles.
- Jute bags used by various companies.
- Energy efficient products introduced by various organization like 5 star rating electrical equipment's.



ENERGY STAR

Technological



- Marketers must be aware of **new developments in technology**
- Technological developments may put some players out of business and at the same time, open up new business opportunities to others
- **E.g.** Smartphones have stolen the market of Music Players, Digi Cam, Calculators etc.; Fitness Bands impacting the sales of wrist watches



Political/ Legal



- Includes Laws, Government Agencies, and Pressure Groups that influence or limit various Organizations and Individuals in a Given Society
- Some of the Acts applicable are as follows:
 - Essential Commodities Act
 - Prevention of Food Adulteration Act
 - Trade and Merchandise marks Act
 - Packaged Commodities Act
 - Companies Act

Socio-cultural

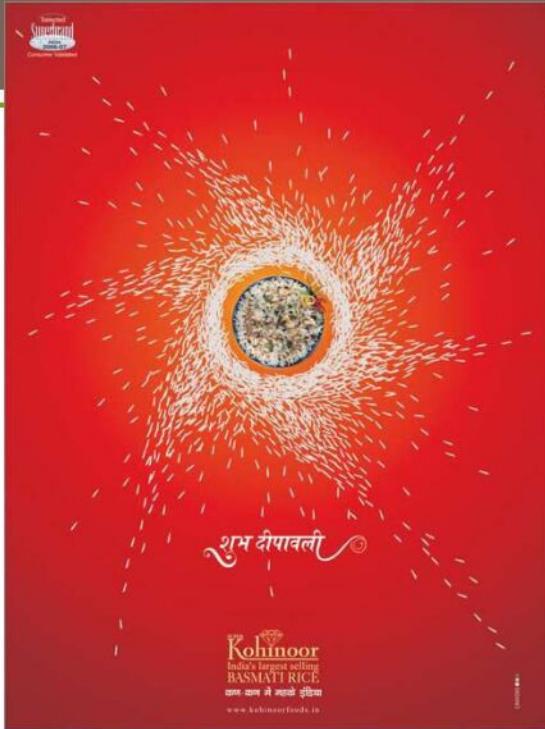


- Forces that affect a society's basic values, perceptions, preference, and behaviors
- Advertisements and culture
- Festivals
- Dressing Style
- Food habits

Hero

*This Dusshera,
all eyes
will be on a Hero.*

Your Hero two-wheeler will be the centre of attention this festive season. After all, its unbeatable mileage, incredible design and cutting-edge technology is a lot to talk about. So go ahead, start a journey that will only lead you to success.



**Share the Joy
of
Diwali**

Enjoy special values from PepsiCo and Target for this year's Diwali celebration

Domino's Pizza

*Yeh Hai
Rishton
Ka Time*

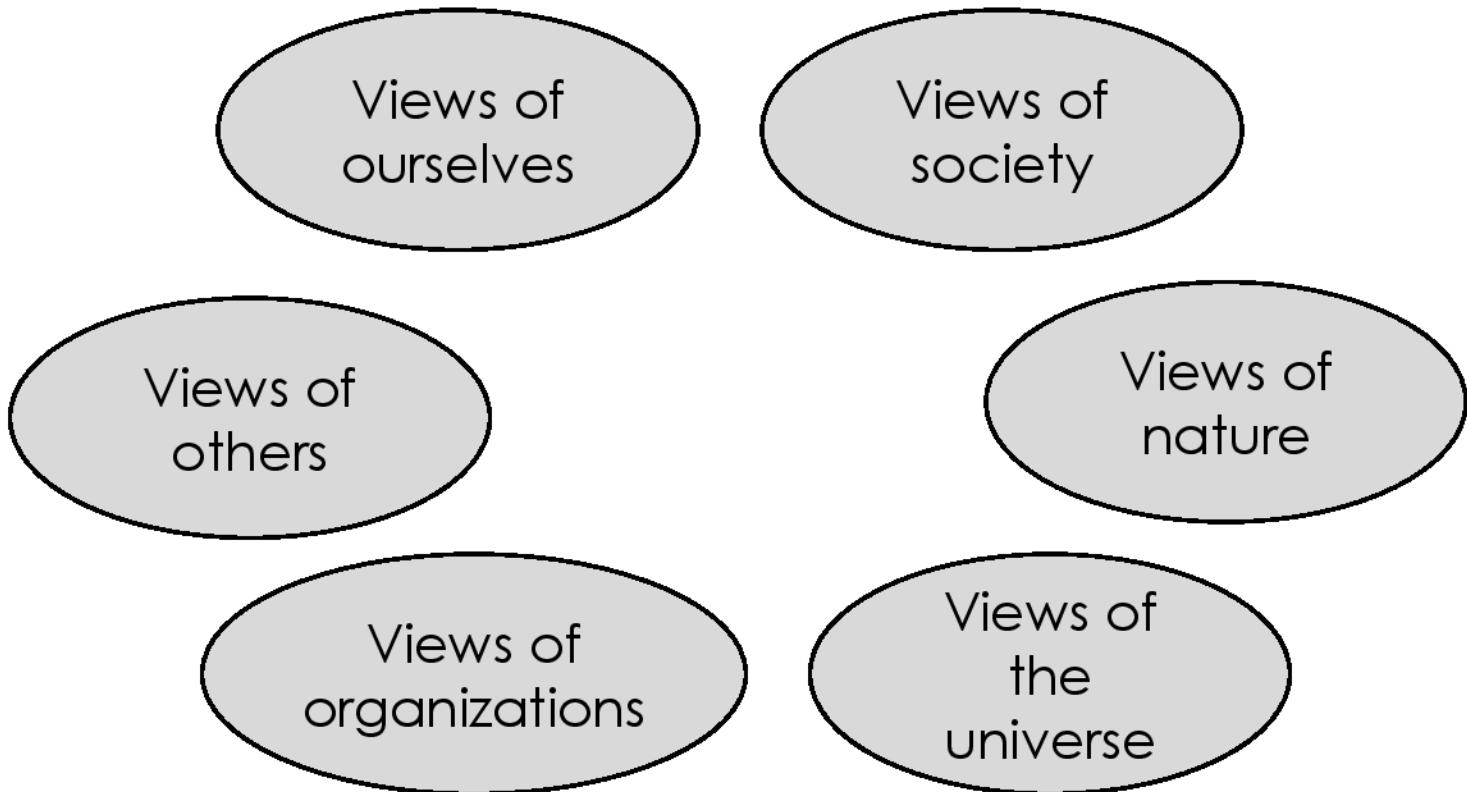
PEPSICO, the Pepsi Logo, 2007, 2008, 2009, 2010, 2011 and 2012 are trademarks of PepsiCo, Inc. 2007, 2008, 2009, 2010, 2011 and 2012 are trademarks used by Frito-Lay, Inc. 2008 Frito-Lay North America, Inc. 2008, 2009, 2010, 2011 and 2012 are trademarks and the Layout Design is a registered trademark of Frito-Lay North America, Inc.

Domino's Pizza

*Yeh Hai
Rishton
Ka Time*

**Celebrate taste ka
bandhan on raksha
bandhan.**

Socio-cultural



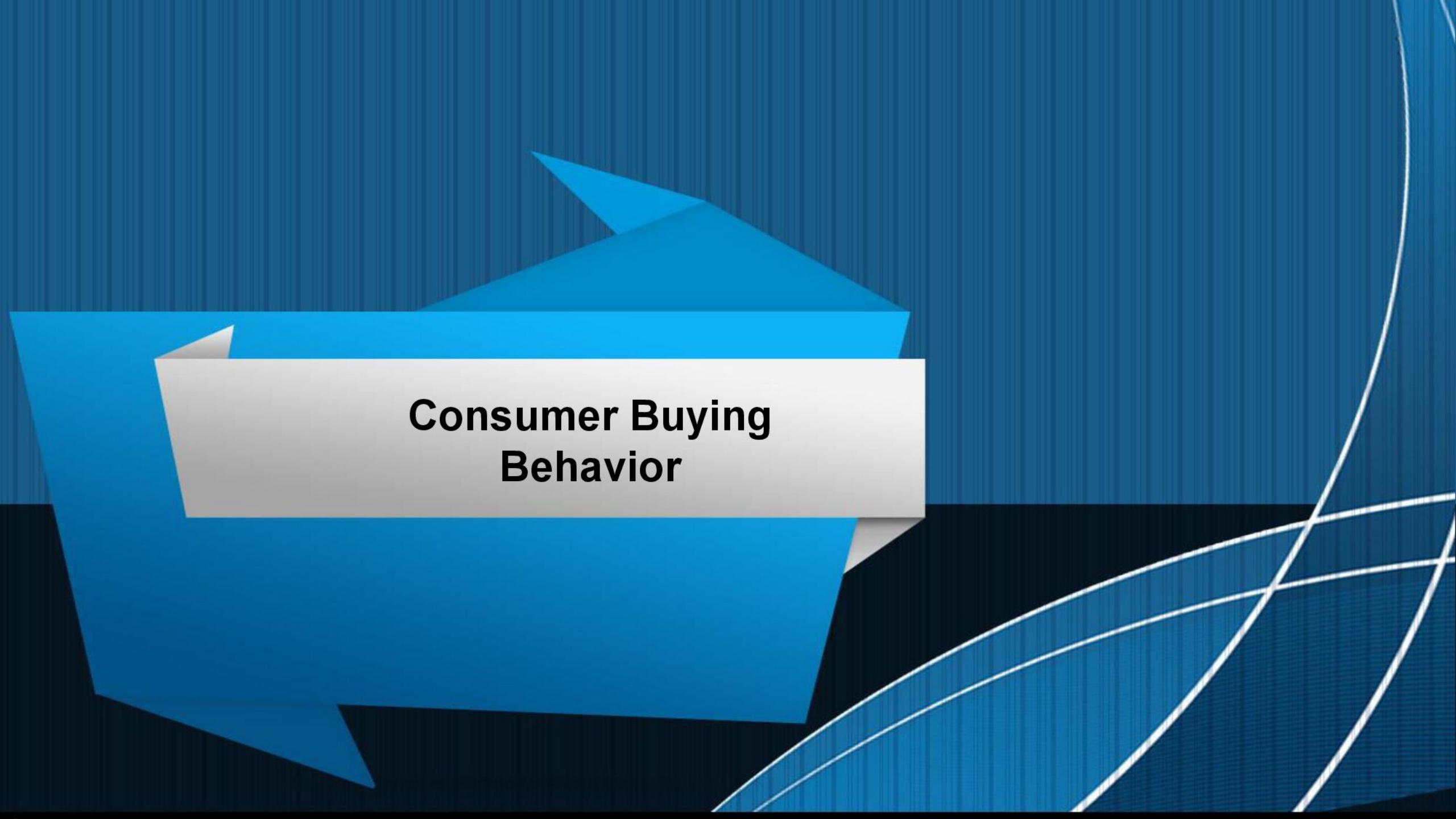
Socio-cultural

- **Core 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



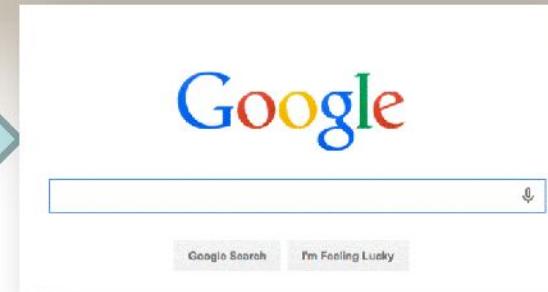
Consumer Buying Behavior

Consumer Buying Behavior

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



Laptop Purchase Decision



Compare by:				
Jump To ▾				
Price List				
Reviews				
Summary				
Processor				
Acer 1015E-CY041D				
Lenovo Ideapad 2500				
Acer Aspire i7 Laptop				
Dell Inspiron 15 3521				
Buy Now ▾				
View Details ▾				
View Details ▾				
View Details ▾				
View Details ▾				
Processor				
Intel Celeron Dual Core				
1.1 GHz				
2 GB				
RAM				
4 GB				
6 GB				
8 GB				
16 GB				
Display				
10.1"				
1366 x 768 Pixels				
15.5"				
1366 x 768 Pixels				
15.6"				
1366 x 768 Pixels				
Storage				
320 GB HDD				
1 TB HDD				
1 TB HDD				
500 GB HDD				
User Rating				
4.1 stars out of 140 ratings				
Read All User Reviews				
4.1 stars out of 27 ratings				
Read All User Reviews				
4.1 stars out of 131 ratings				
Read All User Reviews				
Style Attributes				



Stages in the Consumer Buying/ Decision-Making Process (Individual Buyer)



Types of Buying Decision Behaviour

	High Involvement	Low Involvement
Significant Difference Between Brands	Complex Buying Behavior	Variety-Seeking' Buying Behavior
Few Difference Between Brands	Dissonance Reducing Behavior	Habitual Buying Behavior

Types of Buying Decision Behaviour



- **Habitual Buying Behavior/ Routinized Response**
 - Straight Rebuy Situation(FMCG)
 - occurs when consumers have **low involvement** and there is **little significant brand difference**

Types of Buying Decision Behaviour



- **Variety-seeking buying behavior**
 - Modified Rebuy (Cloths/ Accessories)
 - occurs when consumers have **low involvement** and there are **significant brand differences**

Types of Buying Decision Behaviour



- **Dissonance-reducing buying behavior**
 - New task (Electronic Goods)
 - occurs when consumers are **highly involved** with an expensive, infrequent, or risky purchase but see **little difference among brands**

Types of Buying Decision Behaviour



- **Complex buying behavior**
 - Big Task (Car/ House)
 - occurs when consumers are **highly involved** with an expensive, infrequent, risky purchase and perceive **significant differences** among brands

Types of Buying Decision Behaviour

	High Involvement	Low Involvement
Significant Difference Between Brands	Complex Buying Behavior (Big Task)	Variety-Seeking' Buying Behavior (Modified Rebuy)
Few Difference Between Brands	Dissonance Reducing Behavior (New Task)	Habitual Buying Behavior (Straight Rebuy)

Factors affecting Consumer Decision-Making Process

- Cultural
 - **Buyer's culture** – fundamental determinant observed & learned by consumers
(E.g. Needs, wants, preferences, perceptions)
 - **Buyer's Subculture** – provide more specific identification and socialization
(E.g. religion, languages, beliefs, geographic regions)
 - **Buyer's social class** - relatively homogeneous & enduring divisions in a society, sharing similar values, interests, and behavior
(E.g. Upper, Upper Middle, Middle, Lower)

Factors affecting Consumer Decision-Making Process

- **Economical**
 - Income (Stages of Career)
 - Price (Offers/ PLC stages)
 - Marginal Utility (PC vs. Laptop, D2H vs. OTT)
- **Psychological**
 - Motivation
 - Learning (from the past experience)
 - Perception

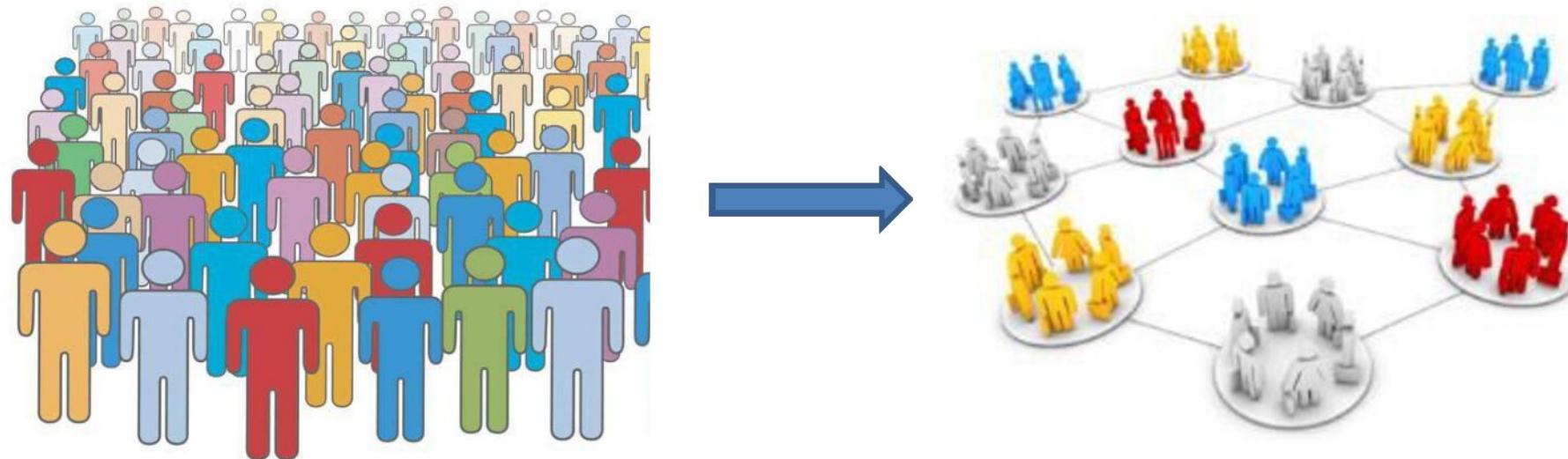
Factors affecting Consumer Decision-Making Process

- **Social**
 - Reference groups (Membership groups, Aspirational groups, Opinion leader)
 - Family
 - Roles and Status (Occupation, Designation)
- **Personal**
 - Age
 - Occupation
 - Life Style

STPD

**Segmentation, Targeting, Positioning &
Differentiation**

Market Segmentation



- Dividing heterogeneous market into small homogeneous groups
- Focuses on Demand side of the market
- Tend to provide depth of position in the specific segments - effectively defined & penetrated market

Need for Market Segmentation

- Identifying the **opportunities** for new product development
- Improve the strategic allocation of marketing **resources**
- Designing of **marketing programs**

Major Segmentation Strategies

- Behavioral segmentation
- Demographic segmentation
- Geographic segmentation
- Psychographic segmentation

Behavioral Segmentation

It is based on:

- Various **Behavioral Aspects**:
 - **Buyer's Purchase decision roles**
 - Initiator/ Influencer/ Decider/ Buyer/ User
 - **User Status**
 - 1st time user/ Regular user/ Ex User/ Potential User
 - **Usage rate**
 - Light/ Medium/ Heavy Usage

Demographic Segmentation

It refers to a wide study of the potential customers on the basis of variables like:

- **Age** (Johnson's Baby / HUL)
- **Gender** (TVS Scooty/ Jupiter)
- **Education** level (Books, Softwares)
- **Income** level (Maruti Alto/ Ciaz)
- **Occupation** (Ready to cook food for Working Women)
- **Language** (Advertisements)
- **Culture** and Religion (Festive Offers)
- **Social Status** (Reference Groups, Opinion Leaders)

Geographical Segmentation

- **National Markets**
 - Zone/ State/ District
 - Metro City/ Town/ Rural Area
- **Global Markets**
 - Continent/ Region/ Country
- **Other Factors**
 - Climatic conditions

Geographical Segmentation

- **Nielsen Claritas' PRIZM**

- A geo-clustering approach - PRIZM (Potential Rating Index by Zip Markets)
- Classifies more than half a million U.S. residential neighborhoods into 14 distinct groups and 66 distinct lifestyle segments called PRIZM Clusters

Examples of PRIZM Clusters

- ***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.

Psychographic Segmentation

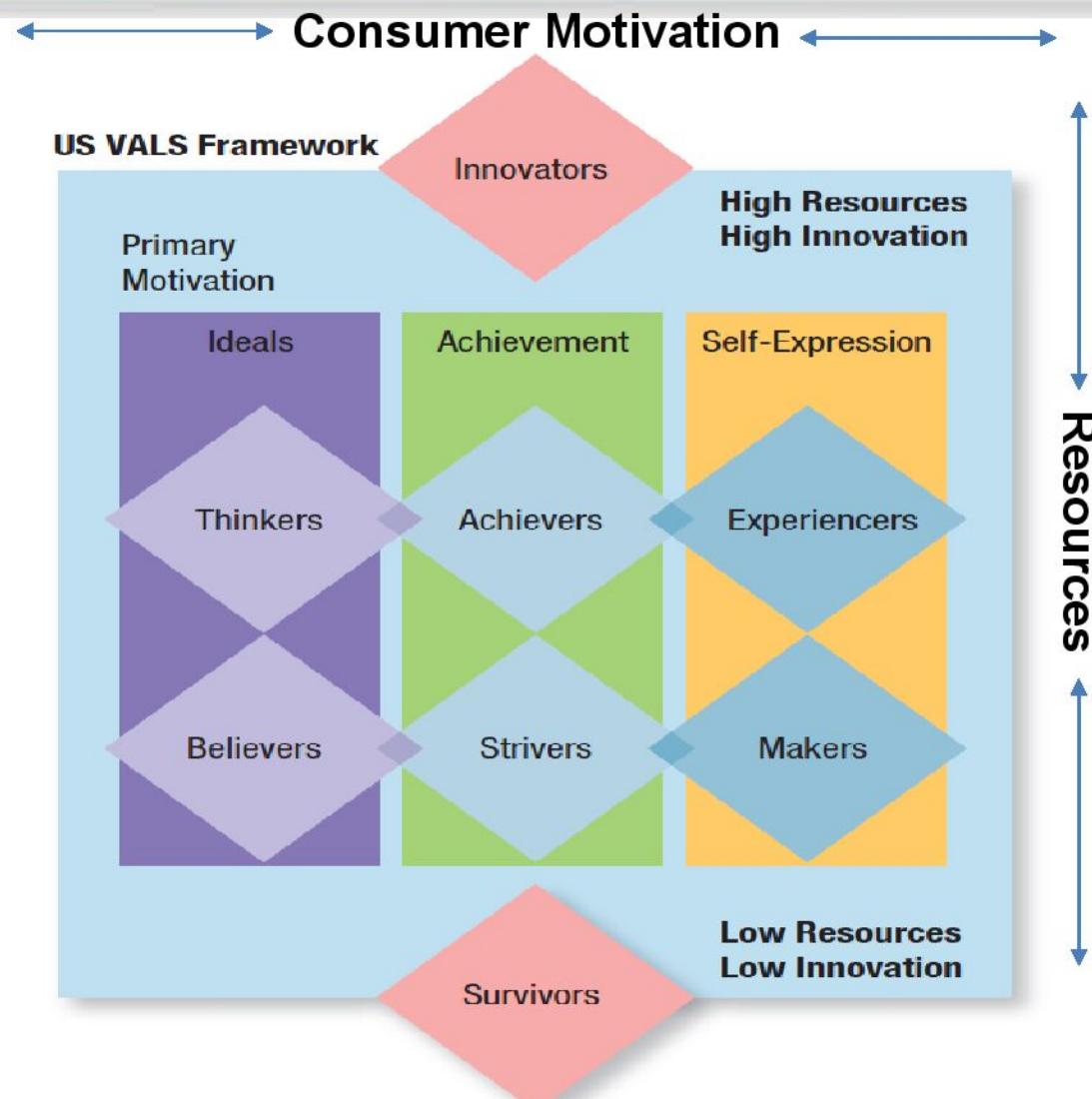
It means segmenting people according to their:

- **Lifestyles**
- **Attitude**
- **Interest**
- **Opinions**
- **Values**

Psychographic Segmentation

VALS Segmentation System

- Ideals – guided by knowledge & principles
- Achievement - look for products and services that demonstrate success to their peers
- Self-expression - desire social or physical activity, variety, and risk
- **Resources** - Personality traits such as energy, self-confidence, intellectualism, novelty seeking, innovativeness, impulsiveness, leadership



Target Market



Target Market

- Target market is decided after evaluating:
 - ✓ **Market attractiveness factors**
 - Consumer Needs & Behavior
 - Market Potential
 - Market Growth Rate
 - ✓ **Competitive position factors**
 - Opportunity for competitive advantage
 - Firm and competitors' capabilities & resources

Target Market

Objective - To spend money to **reach only consumers who want your products**

Product Positioning



It focuses on designing product offerings to emphasize **attributes & benefits** that appeal target consumers & occupy a **distinctive place** in their minds.



Different Positioning Strategies

- **Attribute positioning:** The message highlights one or two of the attributes of the product like size, color, functionality, technology etc. (E.g. Splendor iSmart Ad highlighting key attributes & features of bike)
- **Benefit positioning:** The message highlights few benefits to the customer like superior technology, low price, more quantity etc. (E.g. Tata EV cars highlighting benefits of its EV)

Different Positioning Strategies

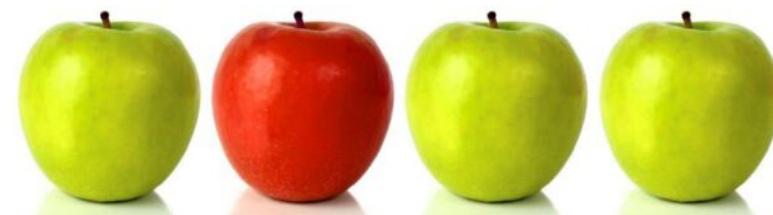
- **Use/application positioning:** Claim the product as best for some application. (E.g. Bose Noise Reduction Headphones Ad)
- **User positioning:** Claim the product as best for a group of users. (E.g. Junior Horlicks, Women Horlicks)

Different Positioning Strategies

- **Competitor positioning:** Claim that the product is better than a competitor. (E.g. Colgate Vs. Pepsodent Ad; Rin Vs. Tide Ad)
- **Product category positioning:** Claim as the best in a product category. (E.g. Maruti Celerio – best in class mileage, Tata Nexon – Safest Car in segment)
- **Quality/Price positioning:** Claim best value for price. (E.g. MI/ Realme smartphone Ads)

Differentiation

- It is concerned with **distinguishing the company's offering** from that of competitors, by adding a set of **meaningful, relevant & valued differences** in the product.



Five Dimensions of Differentiation

1. Product

- Features, Quality, Durability, Reliability, Reparability

2. Services

- Ordering ease, Delivery, Installation, Customer Training

3. Personnel

- Competence, Courtesy, Responsiveness, Credibility

Five Dimensions of Differentiation

4. Channel

- Coverage, Ease of ordering, Delivery Time

5. Image

- Perceptions of the consumers about the brand

Differentiation is stronger, if it satisfies the following criteria:

- **Distinctive:** Difference offered in a more distinctive way
- **Important:** Difference delivers a highly valued benefit to a sufficient number of buyers
- **Superior:** Difference provide superior benefits
- **Communicable:** Difference is communicable and visible
- **Affordable:** Buyer can afford to pay the higher price
- **Preemptive:** Difference cannot be easily copied by competitors
- **Profitable:** Difference provide sufficient profit Margin