MARKETING

CLASS XI

Study Material

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MARKETING
CLASS XI

UNIT - 1

Unit Code	UNIT TITLE: Introduction to Marketing			
Location:	**Duration:** Marks: 12			
Class Room	**Learning Outcome**	**Knowledge Evaluation**	**Performance Evaluation**	**Teaching & Training Method**
	Session 1: Introduction to Concept and Definition Of Marketing			
	1. Concept of marketing 2. Definition and Meaning of Marketing	1. Understanding of Marketing concept in day to day life. 2. Difference between manufacturer and marketer 3. Objectives of Marketing 4. Detailed definition of marketing	1.Identify different manufacturers and marketers of products 2.Understand marketing by understanding need, wants, demands, market offerings 3. Understand objectives of marketing 4.Understand customer value and customer satisfaction in marketing	**Activity:** Acquaint students with the concept of Manufacturer and marketer by making them picking products that they consume every day and finding out the manufacturer and marketers of each. 2. making students understand need, wants, demands, market offering and customer value along with customer satisfaction
	Session 2: Scope and Importance of Marketing			
	1. Understand Scope of Marketing 2. Importance of	1. Describe the scope of marketing by marketing	1. Specify scope of marketing by supporting examples in each	**Interactive Lecture:** Acquaint students with the scope and importance of

		Marketing.	people, ideas, experience, events, places, properties, organisations and information 2. What is a Market and Types of Markets 3. Importance of marketing to marketers, customer and society	case mentioned 2. Identify types of markets on the basis of level, customers and medium 3. Specify the role of marketing in development of economy, in a company, society and consumers	marketing **Activity: 1.** Prepare an assignment by collecting print advertisements and analysing the message conveyed in marketing of goods, services people, ideas, experience, events, places, properties, organisations and information. 3. Visit different companies and find different marketing and selling activities adopted
	Session 3: Journey of marketing through different Marketing Philosophies				
		1. Evolution of different Marketing Philosophies	1. Understand the evolution of marketing through production concept, product concept , selling concept, Marketing concept and societal marketing concept Distinguish between marketing and	1. Identify the basic ideology behind each concept evolved 2. Enumerate supportive examples for each concept	**Interactive Lecture:** Discussion of different philosophies of marketing evolved over period of time. **Activity:** Prepare an assignment of Which Philosophies are being adapted as per todays context with examples to support from different industry

		selling		

<table>
<tr>
<td colspan="5" align="center">Session 4: Difference between Marketing and Selling</td>
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<td></td>
<td>1. Concept of Marketing and Selling</td>
<td>1. Explain marketing and selling as different concepts

2.Understanding different ideologies behind the concepts</td>
<td>1. Identify the point of differences in the marketing and selling concepts

2. List out the components essential for selling and marketing</td>
<td>Interactive Lecture: Discussion on how marketing and selling are different

Activity:

1. Visit in a group to different marketing organisations in your locality (distributors, wholesalers, retailers). Make a report to find the marketing activities of each of them respectively.
Also identify different activities followed in selling and marketing</td>
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UNIT TITLE: Introduction of Marketing

Learning Objectives

After reading this unit, students will be able to:

- Explain the meaning and concept of marketing
- Understand the importance of marketing to Marketer, consumers and society
- Understand the scope of marketing
- Distinguish between marketing and selling
- Learn the journey of marketing through different philosophies
- Explain the meaning of certain keywords

INTRODUCTION

Consider a typical day in one's life. We start our day with consumption of different sorts of products from the moment we wake up in the morning to the time we go to bed. Most of the times we start our day by taking a bath with the soap and the shampoo that we use. The breakfast we take might be a parantha, bread, butter, milk, tea or juice. The cloth we drape in. We may be using public and private transport for commuting to go to schools or workplace. The use of gadgets throughout the day, the television shows we watch for entertainment, the books and newspaper or information material we read, the bed mattress we sleep on and the list of products we use are endless. The entire day we consume different sorts of products. Have we ever thought of where do these products come from? Who does manufacture them? How does the product reach us and how have we come to know about the product?

There are three classes involved in the complete process of consumption i.e, the manufacturer or producer, marketer and the end user. A manufacturer is someone who makes products in a factory; anything from a needle to a plane. A producer is someone who makes the product but not in a factory. For example, a farmer is a producer of fruits and vegetables. On the other hand, marketer is someone who performs various activities to facilitate exchange of goods and services between the producers or manufacturers and users (consumer) of the product. End user is a person who ultimately uses or intends to use the product also known as consumer.

For example 'Fiama Di Wills soap', 'Engage deo','Aashirvaadaata', 'Sunfeast biscuits', 'Bingo snacks', 'Yippee noodles', 'B Natural juices', 'John player' and 'Miss player cloths' are manufactured by Indian Tobacco Company (ITC) and marketed by ITC too. But there can be different set of manufacturers and marketers like 'Good Day Crunches' is manufactured by J.B.Manghram Food Pvt. Ltd but marketed by Britania. Similarly 'Polo mint candy' brand with a hole in the middle is manufactured by Makson Pharmaceuticals but marketed by Nestle India. Thus, Britania and Nestle are marketer's but not manufacturers of the products. These firms undertake various activities to stimulate the demand of their products and earn profit by meeting customers' needs and wants. These firms perform various activities by the marketers to facilitate exchange of goods and services between the producer and consumer

called marketing activities. We as consumers might know the marketer's name as that is what is popularly known.

Activity 1

Pick out products that you consume every day basis. It can be from chewing gum to a Car. Find out is the manufacturer and marketer the same. Mention at least 10 products with the (i) same marketer and manufacturer and (ii) different marketer and manufacturer.

SESSION 1: Introduction to Concept and Definition Of Marketing

The term marketing has been described by different people in different ways. For some it is a fun activity of 'shopping', for some it is shopping along with entertainment. There are others who question, does marketing mean selling? Some of us believe marketing starts after selling; they believe 'selling' is merely where a salesman is required to sell. However, selling is a part of marketing, selling includes selling of goods, services and ideas. Marketing is a broader term and selling is one of the functions of marketing. Some people question does marketing mean advertising? Marketing undoubtedly includes advertising; the main role of advertising is to 'communicate'. But marketing is much bigger than advertising. Does marketing mean distribution? The answer is same as in the above two cases thus the product that reaches us is another function of the marketer i.e. distribution function, but marketing is much bigger than this too. Some even believe that marketing is a post-production activity. Marketing involves various activities that take place even before the products are produced.

What does the term marketing mean?

Marketing refers to the process of **ascertaining consumer needs**, converting them into **products and services**, and then moving the product or service to the final consumer segment with emphasis on profitability and **customer satisfaction**, ensure

ng the optimum use of the resources available to the organization.

Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individuals and organizational objectives.

As per Philip Kotler, the marketing guru**, marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and**

exchanging products and value with others. The author has considered marketing as a social process where interaction of people is an essential component of it. Through this interaction the persuasion for selling the products or services begins. Thus marketing is purely purchase decision of the customer but through continuous marketing initiatives at different stages. Marketing starts before the production of the goods and continues even after the selling of the products. So we say marketing is a continuous process. Where activities pertaining to identification of the needs, wants and demands of the customer, then designing of a suitable product to meet the needs, giving name to the product and converting it to a brand by communicating it to the customers.

Figure 1.1: Core Marketing Concepts, source: www.expertsmind.com

Let's understand few Marketing Concepts that are a part of the definitions:

Need(s), Want(s) and Demand(s)

Need(s)

Marketing is a continuous process. Our marketers are individuals who enter in the market and have understanding of the activities of the marketing. For understanding the activities properly, understanding the needs and wants of customers becomes essential. Thus,

marketing is satisfaction of the needs and wants of the customer. Needs are the state of being deprived of something.

Needs can be physical like hunger, clothing, shelter and sex. If unsatisfied it leaves a person unhappy and uncomfortable. For example, when we are fasting and didn't have food since morning the moment a person names our favourite food it is tough for us to resist. Needs can also be social like love and belongingness, self-esteem like status and self-actualization needs. These needs are not invented by marketer rather the widely known academic model of needs was proposed by psychologist Abraham Maslow. Although this model is prominently used in motivational studies but can also be applied for studying customers' needs. Customer needs are the problems that customers plan to solve with the purchase of goods or services. A marketer can't create needs. Marketers have the option of identifying, analyzing, anticipating and fulfilling the needs only.

Fig 1.2: Maslow's Hierarchy of Needs, source: storify.com

Want(s)

Wants are the form taken by human needs as they are shaped **by culture and individual personality**. These are essentially dependent upon needs. For example, a person in North India would satisfy his hunger with *rajma and chawal* while a person from South India would like to have *fish curry and rice.*

Demand(s)

We may want to dine out in a five star hotel. But the question is do we have money to dine at Taj? If yes, then it will become demand. Wants backed by **willingness and purchasing power** is known as demand. The top marketing companies like HUL, Idea and Airtel etc. first understand needs and wants of customers and then fulfil the needs, wants and demands by conducting consumer research and get regular feedback from their salesmen in the market about unfulfilled customer needs. For example : Big Bazaar a retail store of Future group, shop floor managers regularly mingle with customers on the shop floor and try to satisfy every customer.

Objectives of Marketing

A company must be clear with its marketing objectives and it these objectives must fit in with the overall business objectives for formulation of proper business strategy. The objectives of marketing the company must take care are:

1. Creation of Demand: The marketing management's first objective is to create demand through various means. A conscious attempt is made to find out the preferences and tastes of the consumers by the company. Demand for the products and services are created by informing the customers their utility. According the products and services are produced to satisfy the needs of the customers.

2. Customer Satisfaction: The first and foremost marketing manager must study the demands of customers before offering any product or services. Marketing begins and ends with the customer. Satisfaction of the customers is outcome of understanding of needs and meeting them successfully.

3. Market Share: Every business aims at increasing its market share. It is the ratio of its sales to the total sales in the economy. For instance, both Pepsi and Coke compete with each other to increase their market share. For this, they have adopted innovative strategies. These strategies can be adopted in marketing, advertising, sales promotion activities and even through innovative packaging, etc.

4. Generation of Profits: The marketing department is the only department which generates revenue for the business. Sufficient profits must be earned as a result of sale of want-satisfying products. If the firm is not earning profits, it will not be able to survive in the market. Moreover, profits are also needed for the growth and diversification of the firm.

5. Public Image: To build up the public image of a firm over a period is another objective of marketing. Goodwill of company is created over a period of time with regular emphasis on customer satisfaction through continuous improvement in product and services. The marketing department provides quality products to customers at reasonable prices and thus creates its impact on the customers.

Create a Market Offering

Why do we purchase or own anything? Many of us own iPods. We own one because we want to hear music. Or we own one because we have been influenced to buy one. AfteriPod's were introduced, few purchased the device because the image it had was they were "cool". Owning an iPod became a cool fashion statement. But now iPods have become quite common but the impact that iPods had on the music and entertainment industry has been huge because the product was a revolution in the entertainment industry which replaced walkman a device used earlier.People buy things to solve needs. In the case of the iPod, the need is to have better access to music or to look cool, or both. 'Market Offerings' are products and services designed to deliver value to customers—either to fulfill their needs, satisfy their "wants," or both. Market offering refers to a complete offer for a product or service. The product or service that is sold into the marketplace is called as a market offering.

Product

Needs and wants can be satisfied with products and services offered to the market. A product is not limited to physical objects or tangible items i.e they can be touched, seen and felt rather it is anything that satisfies a need is called a product. Product also includes services which are intangible along with tangible goods. A product can be a person, place, organisation, activities and even ideas. There are thousands of examples of products like food products, TV, Laptop, Mobile Phones, and Clothes etc.

Source: fssairegistration.in

Fig 1.3: Products

Services

Services are deeds, processes and performances coproduced/provided by one person for another person. Services are intangible products which can't be touched, seen and felt. As economy grows, the service sector also starts flourishing. The same can be seen in Indian scenario here services contribute more than 55% to the GDP. Service sector includes banking, insurance, teaching, advertising, consultancy etc.

Source: hotelbobbyssolitaireinternational.in

Fig 1.4: Services

Customer Value

As discussed in the example of buying an iPod, we buy an iPod because it not only gives good music output (benefit) but also the cool fashion statement associated with it. Imagine one buying a product? When we buy a product, aren't we thinking of the benefits the product brings to you. It's not only benefit it is rather the bundle of benefits associated with the product in the form of product quality, after-sales services, warranty, repairs costs, free home delivery, user friendliness etc. Customers are smart and they evaluate between benefits they are acquiring and price they are paying for those benefits. Customer value is difference between the values benefits the customer gains from owning a product and cost of obtaining

the product. The cost of product is not limited to price but also time and energy spent shopping. Customer value can be shown as an equation as below:

Customer Value = Total Customer Benefits – Total Customer Costs

Thus the marketer's role is to add more value to product in terms of benefits so that customer prefers the product in relation to competitor's product.

Customer Satisfaction

Customer satisfaction is the measure of success of an organization. A Customer is said to be satisfied if their **expectations match with the actual performance of the product**. Customer satisfaction is **the match between customer expectations of the product and the product's actual performance**. Customer satisfaction differs from one person to another; it's an experience which is different for different individuals. A proper evaluation of a product or service can only be done by experiencing it. So, customer satisfaction is a post-purchase phenomenon. Satisfaction can only be measured by comparing pre-purchase expectation and post-purchase experience. The equation used to determine the level of a customer's satisfaction is:

Customer Satisfaction=Experience – Expectation

Customer satisfaction is only obtained once the customer has experienced a product or service. It is always a post purchase phenomenon which is quite emotional in nature.

Exchange Process

Exchange is the act of obtaining a desired object from someone by offering something in return. Marketing works through exchange. Exchange process is simply when an individual or an organisation obtain and satisfy a need or want by offering some money in exchange of products or services. For example we go get a haircut at a salon, we pay for the hair cut. The money paid in lieu of the service taken is an exchange process.This exchange process extends into relationship marketing and we enter into exchange relationships all the time. With relationship marketing the purpose is to build a long-term relationship with the customer. In

the above example if we are satisfied by the haircut service we may intend to take more services from the same saloon and intend to become a permanent customer with the salon. By delivering value to customers, a relationship with customers is developed. So marketing is earning profit by building relationship with customer through satisfying his needs and wants. The same can be applicable for a product too.

KNOWLEDGE ASSESSMENT 1

Fill in the blanks with appropriate answers:

1. _____ makes products but not in factories.
2. _____starts before production of goods but continues after selling of products.
3. _____ are state of being deprived of something.
4. Wants are human needs shaped by_____and _____.
5. Wants backed by willingness and purchasing power are called_____.
6. The intangible acts and deeds offered from one party to another without the transfer of title is called_____.

7. Customer value is a _____, which reflects the state of difference between customer benefits and customer costs _____purchase (pre-purchase).

8. Customer satisfaction is a _____, which reflects the state of difference between product or service experience with that of expectation (post-purchase).

9. [Ans: 1. Producer, 2. Marketing, 3. Needs, 4. Culture and personality, 5. Demands, 6. Services, 7. Proactive component, before, 8. reactive component]

Session 2: Scope and Importance of Marketing

Gone are the days when marketing was confined only to goods and services. Now the scope of marketing has increased and one can also market people, ideas, experience, events, places,

properties, organisations and information and not just confined to goods or services. In other words anything that is of value to others can be marketed. **The scope of marketing are explained as under:**

Goods: A tangible item which can be an article, commodity, material, merchandise, supply, wares produced from agricultural, construction, manufacturing or mining activities. **Services**: Products that have intangible properties such as banking, consultancy, education, insurance, accounting, expertise, medical treatment or transportation. **Experience**: Marketers can create stage and market experiences to the customers. For example Water Park, and theme parks provide experience marketing. Another different real life experience is been enjoyed by customers at modern retail outlets. Now retailing is not an activity involved in just selling goods to the customers, it has now become an experience. Shopping in a mall where the delightful experience comprises of not only shopping but also, spending time with family and friends, eating out, watching movie and enjoying the complete day.

Fig 1.5 Marketing of Experiences, source: mnftiu.cc, indiafamousfor.com

People

Marketing can help people to market themselves. Politicians are the most suitable and common example of people marketing. Politicians market themselves to the customers (voters) by promising them certain bundle of benefits. Cricketers, film stars, authors, painters, musicians and sportsperson market themselves. Some of the well-known personalities are Amitabh Bachchan, Sachin Tendulkar, Salmaan Khan etc. These people are not only successful in marketing themselves but also they lent their names to products like perfumes

(Shilpa Shetty), retail stores by the name of true blue (Sachin Tendulkar), and cloths and accessories by Salman Khan with the name of 'Being Human'.
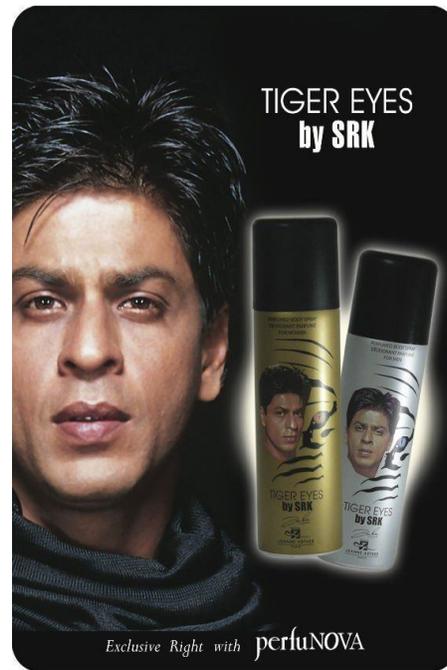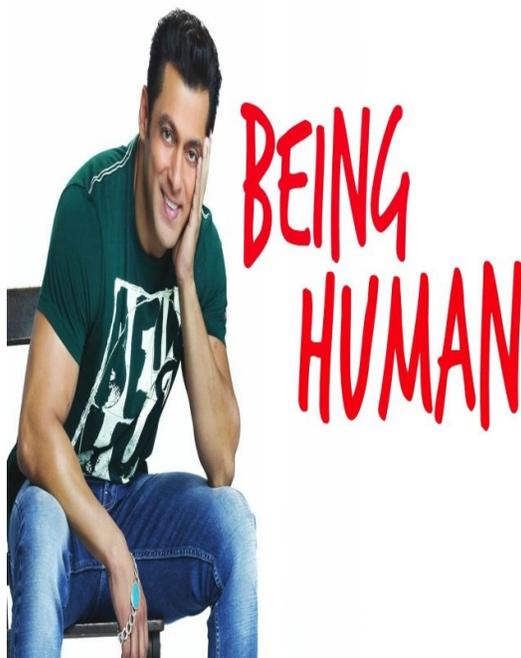

Fig 1.6 Marketing of People, source: sports.ndtv.com, bollywoodmastiofficial.blogspot.com, www.hochgepokert.com

Places

Cities, state and nation can be marketed to the consumers. Place marketers include real estate developers, commercial banks, businesses etc. One can't forget the incredible India campaign by Indian government to market India as tourist spot. In India, Bangalore is known as the silicon valley of India. Kerala is known as God's own country. Madhya Pradesh is known as "Heart of incredible India". A campaign by Amithabh Bachan for Khushoo Gujratki
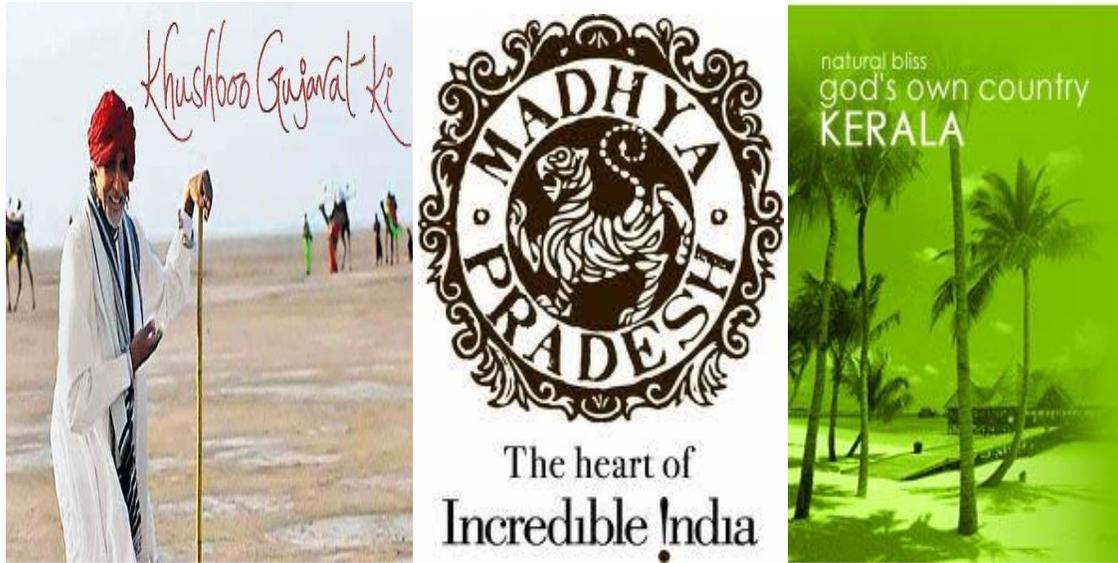
Fig 1.7 Marketing of Places, source: www.globalgujaratnews.in, www.tourismwatch.in

Organizations

Organizations market themselves to create and boost their image in customers mind. They try to create a unique and favourable image in the eyes of customers that can give organizations an edge over others in the market place. 'Tata group' comprising of multiple brands, stands for trust and quality globally. Philips promises its customers products which are technologically advance and hassle free. So its marketing campaign is based on sense and simplicity platform.
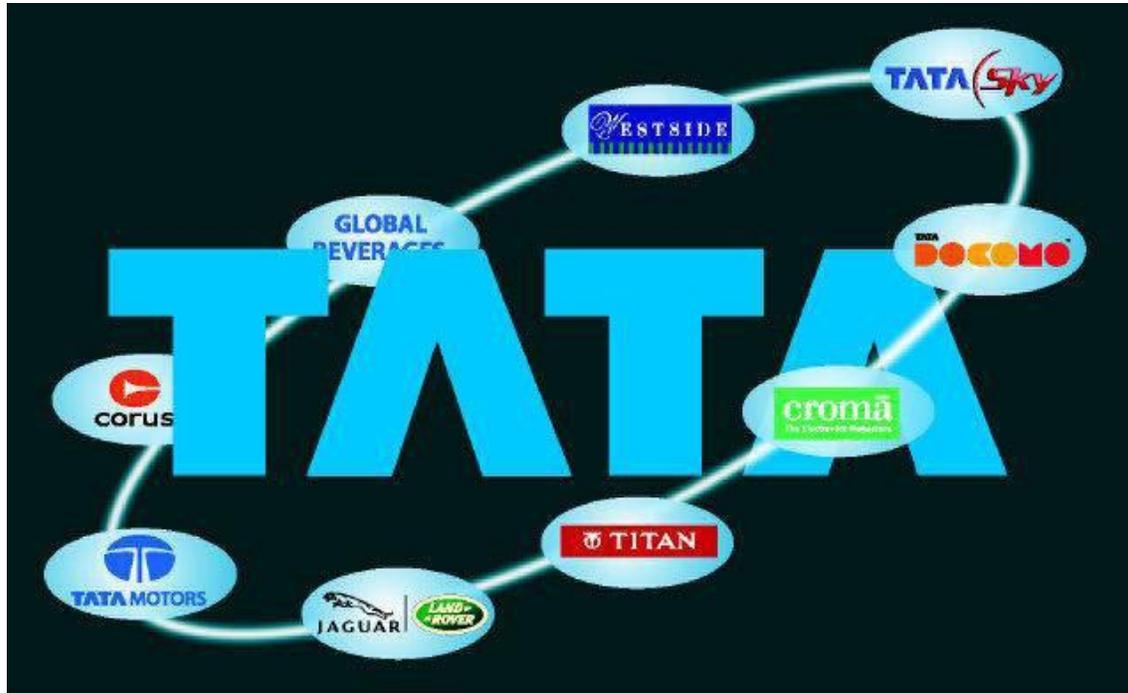
Fig 1.8 Marketing of Organizations, source: www.thehindubusinessline.com

Property

Properties, whether tangible like real estate or intangibles like stocks can be marketed to the customers. Properties are bought and sold and this exchange process seeks the role of marketing. Real estate developers (DLF, Unitech, and Supertech) develop property and seek buyers for the same. Same is the case with any investment company that wishes to sell its securities to individuals as well as institutions.

Fig 1.9 Marketing of Properties source: dnaindia.com, indiainfoline.com

Events

Marketers promote different events from time totime their customers. These events can be for individuals or organizations. Sports events like Commonwealth games, Cricket world cup series, Musical Concert, Awards, and Fashion shows, etc are events

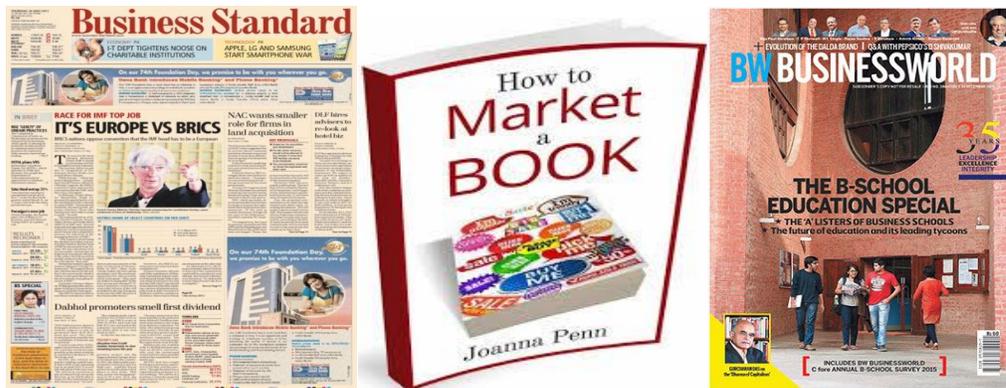kushaldave.wordpress.com, www.t20worldcup2016schedule.org

Fig 1.10 Marketing of Events, source:

Information

Information is basically produced and marketed and distributed by universities, schools, colleges, newspapers, magazines, books etc to the customers at a price. The customers here might be parents, students and communities. For example

Source: en.wikipedia.org, businessworld.in

Fig 1.11 Marketing of Information

Ideas

Every marketer offers some idea. Some offer it for money others do it for society in general. Marketers make profit from society and they shall also give back to the society. Social marketing comprises of creating awareness on few ideas like Family Planning, AIDS awareness, discouraging-smoking, child labour, domestic violence, wearing of helmet while driving, blood and eye donation etc.

Fig 1.12 Marketing of Ideas, source: childlabourandhumanrights.wordpress.com, mindbodyspiritualawareness.com

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Activity II

Collect 5 advertisements from latest newspaper or magazines for marketing of (i) services (ii) properties (iii) ideas (iv) places and (v) events. Understand the messages conveyed in each case. How each message is different from another and which is more appealing.

By this time few more questions would be rising in your mind they may include: What is a market? What all can be marketed? What all activities does a marketer perform? What is marketing management? For having the answer to these questions lets read the text further:

What is a market?

Market originates from Latin word 'MARCUTUS' which means a **place where buyer and sellers meet for business**. Earlier in our country buyer and seller gathered at a specific place called 'haats'or 'melas'. But with passage of time buyers and sellers need not to meet face to

face for transaction, they can meet virtually through e-commerce platforms. On the basis of end use, market can be of different types: Consumer Markets (FMCG-Fast moving consumer goods, consumer durables, soft goods), industrial markets (finished goods, components and services), intermediate markets (wholesale and retail markets), geographical location (local, national, global/international markets, rural and urban market), and Non-profit and Governmental Markets (companies selling to non-profit organizations with limited purchasing power need to be price careful).

The Importance of Marketing

Earlier finance was considered backbone for any business but gradually marketing gained importance and was considered more important than other functions of business i.e. Finance, Production and Human resources. Later it was realized that to run business profitably companies need to market their products if they want to gain more profits. As for every business the leading factor for success is the customer. Thus with the customer as a controller, marketing becomes a major integrative function of the organization. However, Marketing cannot be kept apart and the Product, Pricing, Placement and promotions of the product ultimately depends on the marketing function.

Currently marketing is a core business discipline since it contributes greatly to the success of the organization. It's also essential to appreciate the concept of marketing as the cost of marketing amounts to forty to sixty percent of the total cost. Production and distribution depend largely on marketing. Marketing covers advertising, promotion, public relations, and sales. It is the process of introducing and promoting the quality product or service into the market. If the company targets more of customer's needs, they will come back again and again and even bring along other customers. On the other hand, if the company push more on the product and ignore customer's needs and wants, they will in no time lose their customers.

Marketing plays an important role to the marketer, customers and society.

Importance to the Marketers

1. Marketing Promotes Product Awareness to the Public

The primary task of marketing is to get the product or service recognized by the market. It is important that public awareness of product and company information is spread to the buying public, this is possible if heavy advertising, sales promotion, personal selling, direct

marketing is done for creating awareness. There is no fixed rule for all butobviously the use of a particular technique depends upon the nature of product, market and the financial conditions of the company.

2. Marketing Helps In Enhancing Product Sales

Apart from public awareness about a company's products and services, marketing helps boost sales and revenue growth. Once the public learns the your product through TV advertisements, radio commercials, newspaper ads, online ads etc, it will generate sales. More the people know a productor a service; more interested they would be in buying the products.

3. Marketing Builds Company Reputation

Marketers continuously aim to create an image of the company in general public eyes. They tend to create brand name recognition. This is done so that consumers can easily associate the brand name with the images, logo, or caption that they hear and see in the advertisements. For example, McDonalds is known for its arch design which attracts people and identifies the image as McDonalds. With an established name in the industry, a business continues to grow and expand because more and more customers will purchase the products from a trustworthy and reputed company.

Importance to Customers

1. Marketing creates Utilities: Marketing creates different types of utilities, form utility – from a plumber to furniture, place utility- product moving from the factory to the customer, time utility- product available when needed, information utility- ingredients of the product and even how to use the product, and possession utility- transfer of ownership from retailer to customer.

2. Large number of choices available: Marketers create needs and wants and try to satisfy that through offering variety of product choices. If one wantssoap, there are n numbers of brands available. For example Lux, Pears, Rexona, Dove are range of soaps offered by HUL.

3. More platforms available: With the advent of technology, the marketers are offering customers both offline and online platforms to purchase. Now marketers are serving more number of customers through different ways, reminders of sales comes through sms, e-mail,

facebook, whatsap, Even customers have become smarter, they search for information from different online platforms and buy the best deal.

Importance to the Society

1. Source of Employment: Marketing offers a great range of wide and exciting career opportunities. Marketing offers employment in the field of personal selling, packaging, and advertising, marketing research, consultancy, distribution and channel sales.

2. Welfare of Customers and Stakeholders: Though profit maximisation is main motive of every business but many marketers have taken up corporate social responsibility in order to give back to society. Different forms For example, HUL's – **Behaviour Change Program** where washing hands with soap before a mother touches her baby is proven to prevent many of infant deaths in villages. Where, over 40% of child deaths under the age of 5 happen in the first 28 days of life. Washing hands with soap before a mother touches her baby is proven to prevent many of these deaths. This campaign is to help teach mothers this lifesaving habit and 'Help A Child Reach 5'.

KNOWLEDGE ASSESSMENT 2

1. _____the potential customers of future.

   a) Customer

   b) Consumer

   c) Prospects

   d) Marketer

   2. Consumer Markets comprises of _____

      a) Fast moving consumer goods (FMCG)

      b) Industrial markets

      c) Intermediate markets

      d) All the above

   3. Market offering can be combination of

   a) Product & services
   b) Information
   c) Places
   d) All of above

   4. Market consists of

   a) Potential buyers
   b) Actual buyers
   c) Both a and b
   d) None of the above

   5. Marketers builds company's reputation by creating _____ of company in general public's eyes.

   a) Sales
   b) Image
   c) Logo
   d) None of above

   6. The public comes to know about the product of the company through _____.
      a) Television
      b) Newspaper
      c) Radio
      d) Online

e) All the above

7. Marketing is a core business discipline it covers_____.
   a) Advertising
   b) Promotions
   c) Public relations
   d) All the above

8. Scope of marketing is not limited to products, services but now one can market ideas, people, events, places, properties, information, organisations and _____.
   a) Goods
   b) Agents
   c) Experiences
   d) None of above

9. Customer value is a difference of total customer benefits and _____.
   a) Total customer experience
   b) Total customer cost
   c) Warranty
   d) None of the above

Ans: 1. A 2. D 3. D 4. C 5. B 6. E 7. D 8. C 9. B

Session 3: Marketing Philosophies

Business has evolved significantly and markets have changed all over the world with the passage of time. The companies have also changed the way they deal with the market, progressing through different phases of progress. The advances in all areas of life change the way people live and work. In line with this progress, the marketing function has come into being. Understanding the use of modern marketing technology and emerging communication strategies in the new marketing era can help the company build deeper relationships in the marketplace. As every company differs in philosophyand objectives, the decisionstoo differ on the basis of factors adopted i.e whether the company focuses on mass production /innovative product/ aggressive selling /customer satisfaction/ societal development /relationship building. Hence, understanding philosophies right from Production concept has been explained.
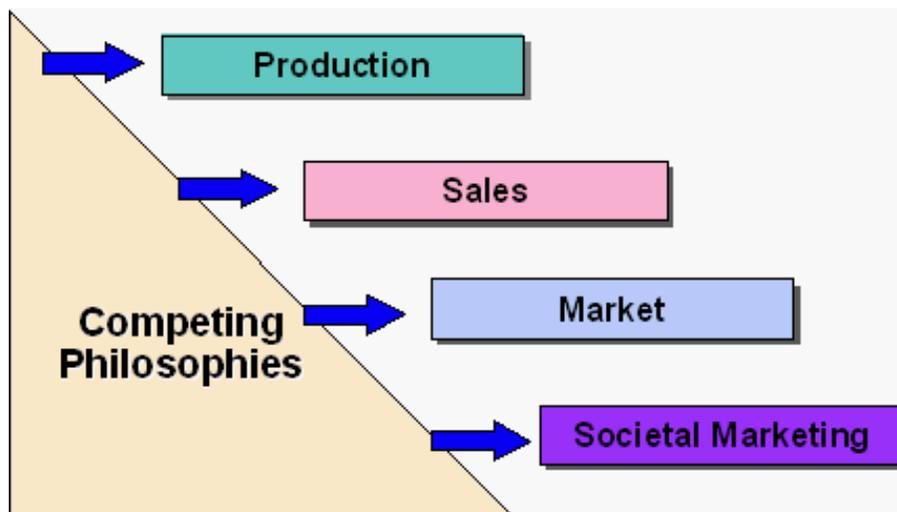
Fig 1.13 Philosophies in Marketing

Production Concept

Production concept lays emphasis on **affordability and availability of products**. Affordability is possible by reducing cost of production by producing large quantities and achieving mass production.Availability is possible by mass distribution by making the product widely available.This philosophy states that any amount of goods produced will sell if it is available and affordable to customers.

The production concept is almost extinct now with companies paying more and more attention to the customer as the basic ideology here is customers will choose products and services that are widely available and are of economical. So business is mainly concerned with making as many units as possible. By concentrating on producing maximum volumes, such a business aims to maximize profitability by exploiting economies of scale. This seems a viable strategy in developing markets i.e. India, Brazil, Russia, China, and South Africa. The Mantra for this concept is "**Low cost and mass production**" as rightly proven by Lenovo computers of China.

Product Concept

During production concept supply increased over demand. Gradually low cost and availability couldn't ensure increase in sale and survival along with growth of the firm. The companies had to innovate products and started giving more choices to customers which lead to product concept. This concept is based on the philosophy that consumers will prefer products that have better quality, performance and features. It emphasises on innovation to produce better quality products. It believes in the ideology that a "**good product will sell itself**" as rightly proven by Apple and Google brands. Both of these companies have strived hard on their products and deliver customers rich feature, innovative and diverse application products that people just love these brands. So a good product backed by right price and proper distribution and promotion will sell in the market and need not to be low priced (production concept) to sell in market. Thus product improvement became the key to profit maximisation for firms in product concept.

Selling Concept

With the passage of time marketing environment further underwent changes, competition was constantly increasing and just the improvement in product and making it available to customers was not working. There was something more required then just a quality product for the survival and growth of the companies as large number of sellers started manufacturing quality product. Something more was required to persuade the customers now. Business philosophy changed it was believed that customer would not buy or would not buy enough until or unless they are convinced and influenced to do so. Therefore, Selling is the act of influencing a customer to buy a product or service. Businesses had to concentrate on ways of selling their products.

The concept is based on the belief that customers, be individual or organizations will not buy enough of the organization's products unless they are persuaded to do so. So organizations should undertake selling and promotion of their products for success. Thus making good products was not enough rather focus changed to pushing the sales of products through aggressive selling. The selling effort is supported by promotional activities and aggressive advertising. The company does not consider the needs and wants rather thinks that **anything and everything can be sold.** This concept can also be applied in the firms having over capacity in which their goal is to sell what they produce than what the customer really wants. For example this concept is effectively applicable in the cases of unsought goods like life insurance, vacuum cleaner, fire fighting equipment's including fire extinguishers where the customer doesn't need them but if persuaded constantly the customer buys them. The disadvantage with this approach is that it assumes that customer will certainly buy the product after due persuasion and if dissatisfied will not speak to others, which is not true.

Marketing Concept

By this time customers were fed up of too much influence of the salesman during purchase of products which led to unnecessary purchase that did meet customer's needs and wants. Customers expected that companies should be more responsible enough to understand their actual needs and wants rather than imposing products on them. The marketing concept proposes that the success of the firm depends on how well it understands the needs and wants of the customers and how successfully it converts these needs in to products and services that will satisfy the customer's requirements.

Marketing starts before the product; service or solution is ready and continues even after the sale has been made. In marketing company makes honest efforts towards retaining the customers and also attracting new ones. **Customer satisfaction** is the strongest pillar of marketing where company assures that customers are satisfied after buying a product or service. This is a customer centric approach rather than product centric one. In marketing concept customer satisfaction is the focal point and all decision making based on it. Decisions like the product to be produced, with the features to be included. The price and the place to be sold all depends on the customers. For example if customer is in need of a pen, pencil and eraser all in one Linc pens have met that need of customers. If customers want triple door in refrigerators LG, Godrej, Hitachi companies will produce them to satisfy their needs and wants. These companies spend a lot on research to understand and meet customers' requirements.

KNOWLEDGE ASSESSMENT 3

State True or False:

1. Product means only physical products
2. Needs and wants are same.
3. Marketing is more than selling.
4. Marketing concept doesn't just end with understanding customers needs and wants, it is makingcustomers satisfied.
5. Product concept led to production concept.
6. Production concept believed in improvement in product and making it available to customers.
7. The production concept is extinct in India.
8. Marketing begins before production and continues after sales.
9. Marketing is no longer a function of marketing department only.
10. In selling concept, it is the customer and not the seller that needs to beware.

Answer: False- 1, 2, 5,6, 7   True- 3, 4, 8, 9, 10

Session 4: **Marketing vs. Selling**

Many people confuse selling and marketing as one and same thing. In reality both are quite different from each other. Selling is an important part of marketing but its not marketing. Marketing is much wider in scope than selling.

Selling is characterized by product focus approach. It has short term goal of achieving market share. It does not consider a planning for building up the brand in the market place and doesn't have a high loyal set of customers. The end means of any sales activity is maximizing
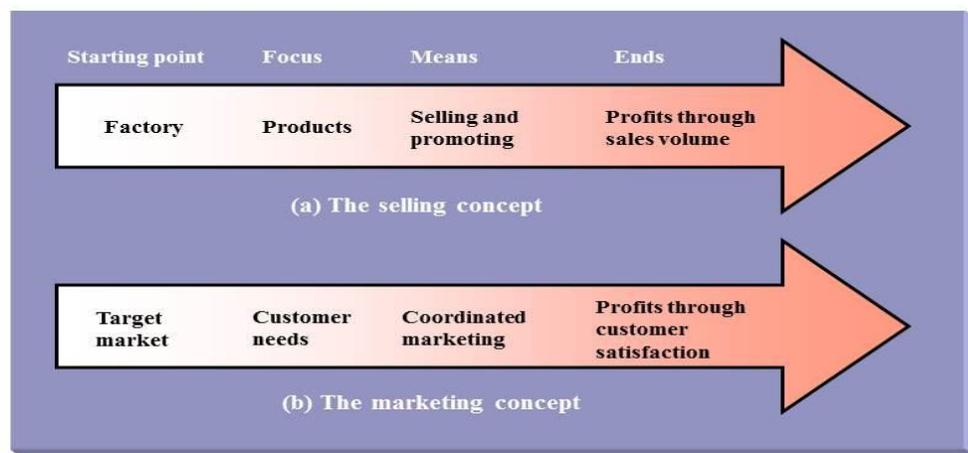
profits through sales maximization. The marketer is of the view that once the production completes, the task of sales force begins and it's the duty of the sales force to sell what has been produced. Aggressive selling is adopted for achieving the sales which gives cash to the company.

Marketing as a concept is wider than selling and focuses on customers' needs and wants rather than the product. Marketing starts before the production and product is produced according to the needs and wants of the customers. Customer satisfaction is given vital importance and changes are made if customer is not satisfied. It is a long chain of activity, which comprises production, packing, promotion, pricing, distribution and then the selling. Profits are not ignored but they are built up on a long run basis and realized with customer satisfaction.

Every business is for profit even marketing believes in profit maximisation but through following pillars:

- Identification of target customers of target market
- Understanding of needs and wants of customers
- Developing products or services as per the needs and wants of customers
- Satisfaction of needs of customers

Fig 1.14 Selling and marketing Concepts

Point of Difference	Marketing Concept	Selling Concept
1. Definition	Marketing is the process of creating value for customer and delivering goods and services for earning profit.	Selling is the process of encoring customers for increasing sales.
2. Objective	The objective of this concept is to satisfy customer through goods and services.	The objective of selling concept is to increase sales of goods and services.
3. Scope	The scope of marketing concept is wider.	The scope of selling concept is narrow.
4. Emphasis	This concept emphasis on customer needs.	This concept emphasis on products or services.
5. Profit	This concept earns profit through customer satisfaction	This concept earns profit through attractive sales and promotion.
6. Start	This concept starts with actual and potential customers	This concept starts with existing product.
7.Market segmentation	This concept thinks about market segmentation deeply.	This concept never thinks about market concept.
8. Marketing mix	This concept gives equal importance on marketing mix.	This concept gives importance on only promotion.
9. Effectiveness	This concept is applicable in pure competition market.	This concept is useless in pure competition market
10. Price	Consumers determine price.	Cost determines price.
11. View on business	It views business as a customer satisfying process.	It views business a goods producing process.

Table 1.1 Distinguish Between Marketing Concept and Selling Concept

Societal Marketing Concept

Mother earth has given us everything it is a rich source of air, water, minerals,and land that we live on. Further we all live in a society and are a part of it. We can not even think of a single day without family and friends. Our environment is facing a lot of problems in the form of pollution, deforestation, increasing population, depleting natural resources, poverty, and environmental deterioration. There are many more are challenges posed by social problems too. The duty of business doesn't end by just meeting needs and wants of customers rather the duty of business to consider a larger perspective by really acting in the best interest of individuals and society.

The societal marketing concept believes in giving back to the society as it believes that the company is profiting because of society and hence it should also take measures to make sure the society also benefits from the company. The concept advocates to deliver the customer satisfaction in a way that preserves or enhances the customer's and the society's well-being.

Societal Marketing can be defined as a marketing function in which the organizations identify the needs and wants of the target market and then align the marketing activities of an organization in such a manner that their marketing efforts are socially responsible and thereby help the organization in gaining the trust of the society by having an image of a socially responsible organization, but still remaining profitable.

Societal marketing is marketing with a noble cause. Now a day's one can find number of examples where companies are supporting one or another good cause. Aircel is promoting 'Save Tiger Campaign', Idea is concerned about increasing population and deforestation, ITC's project of spending each rupee from sales generated through Classmate stationery, Tata Tea Jago Re campaign are some of the prominent companies who are very active in societal marketing.

Body Shop, a cosmetic company uses only vegetable based materials for its products. It is also against Animal testing, supports community trade, activate Self Esteem, Defend Human Rights, and overall protection of the planet.

Procter and Gamble also practices societal marketing concept wherein it gives certain percentage of sales of its products for deprived classes of the world specifically the developing countries.

Relationship Marketing
The approach came into existence in 1990's. As the name suggest this approach focuses on customer retention and satisfaction rather than being transactional in nature. The approach aims to build stronger relationship with customers and its business partners. Although the idea of building relationships with customers, was given its due importance in the marketing concept but extending relationships to business partners makes relationship marketing unique.

The approach suggests developing strong relationship with its partners who are suppliers and distributors. It will lead to better channel arrangements, higher levels of cooperation, less conflict, and increased efficiency. In relationship marketing everyone is treated as customers. By relationship-building with all of these organizations and individuals, we can develop

strategies that are in the best interest of everyone in the entire channel of distribution. As a result, everyone wins.

Orientation Basis	Production	Product	Selling	Marketing	Societal Marketing
Philosophy	Quality products at lower price	Product with good quality, features and performance**.**	Products don't sell themselves. Customers need to be convinced to buy.	Satisfied Customers	Consider Social responsibility while marketing
Objective	Minimize cost and maintain volume	Offer Best Quality Product	Maximize Sales	Profit with customer satisfaction	Profit with customer satisfaction and protected social interest
Method	Focus on production and distribution efficiency.	Focus on Product and its features	Aggressive Promotion to sell more	Focus on total marketing mix	Marketing mix changed according to Society's best interest

Table 1.2 Comparative Analysis of Marketing Philosophies

KEY WORDS

Marketing: marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

Needs: need is basic requirement of human being such as hunger, clothing, shelter and sex. If unsatisfied it leaves a person unhappy and uncomfortable.

Wants: Human needs shaped by culture and individual personality are wants.

Demands: Wants backed by willingness and purchasing power is known as demand.

Product: A product is tangible item that can be touched, seen, felt and satisfies need.

Services: Deeds, processes and performances provided by one person for another person

Customer Satisfaction: Expectations of customers match with the actual performance of the product

SUMMARY

- Traditionally, market refers to a place where buyers and sellers meet to enter into transactions involving in exchange of goods and services.
- In modern marketing sense, market is set of actual and potential buyers of products or services.
- Marketing is not merely a post-production activity. It includes many activities that are performed before goods are actually produced and continue after goods have been sold.
- Anything can be marketed that is of value to others. It can be a product or a service or an idea or information or a place or a property or an event and even experience.
- Many people confuse selling for marketing but selling is only a part of process of marketing. Marketing is customer focused and selling is seller focused.
- Production concept believes in ideology of 'mass production and mass consumption'
- Product concept believes in ideology of product with good quality, features and performance**.**
- Selling concept believes that products don't sell themselves. Customers need to be convinced to buy.

KNOWLEDGE ASSESSMENT 5

Short Answer Questions

Q1. What is marketing? Can a marketer be a manufacturer, support with relevant examples?

Q2. Distinguish between production and product concepts.

Q3. Distinguish between Marketing and selling.

Q4. 'Customer is the king', which philosophy follows this ideology?

KNOWLEDGE ASSESSMENT 5

Long Answer Questions

Q1. Define Market? Explain the types of markets?

Q2. What is marketing? Give examples to support your answer.

Q3. Marketing is not merely limited to selling of products and services. Elaborate

Q4. Importance of Marketing is not merely for customers but for society and marketer too.

Q5. Societal marketing is earning profits by working for society, explain and support with examples.

KNOWLEDGE ASSESSMENT 6

Projects

Q2. Visit in a team of 4-5 students in a group to different marketing organisations in your locality (distributors, wholesalers, retailers). Make a report to find the marketing activities of each of them respectively. Is there any difference in the activities in the organizations visited? Which activities are common to them?

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UNIT II:MARKETING ENVIRONMENT

Unit Code:	UNIT TITLE: MARKETINGE ENVIRONMENT			
	Duration:			
Location:	SESSION1: MEANING AND IMPORTANCE OF ENVIRONMENT			
	Learning Outcome	**Knowledge Evaluation**	**Performance Evaluation**	**Teaching and Training Method**
Classroom or Company's premises	1. Meaning and importance of Environment in Marketing	1. Explain the meaning and definition of Marketing environment 2. Discuss static environment and dynamic environment in business. 3. Study 'Internal environment factors' and 'External environment factors'	1. Understanding the term Marketing environment, static environment and dynamic environment 2. Distinguish between 'Internal environment factors' and 'External environment factors' 3. Evaluate theimpact of 'Internal environment factors' (4 Ps)	**Interactive Lecture:** 1. Introduction of Marketing environment, static environment and dynamic environment; 'Internal environment factors' and 'External environment factors' **Activity:** Differentiate the role of 4 Ps in different industries
	1. Meaning and steps in Environmental scanning	1. Describe the meaning and steps in Environmental scanning (ETOP) 2. Importance of Environmental scanning	1. Rationalize the Environmental scanning 2. Explain the significance of Environmental scanning for an organization	**Interactive Lecture:** Discussion of ETOP profile and its importance for a firm **Activity:** Make ETOP

				profile of an industry of your choice

<table>
<tr><td colspan="5" align="center">SESSION 2: MACRO ENVIRONMENT FACTORS</td></tr>
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	1.Discuss the meaning of Macro Environment in business 2.Detaileddiscussion on Demographic forces and Politico-legal forces		**Interactive Lecture:** Explain Macro environmentDemographic factors Political and legal factors for business activity **Activity:** Distinguish Demographic factors Political and legal factors for an industry
1. Economic forces 2. Natural or physical forces 3. Technological forces 4. Socio-cultural forces	1.Acknowledge factors of macro environment 2.Enumerate the impact of Economic forces, Natural or physical forces, Technological forces and Socio-cultural forces	1. Explicate various factors of macro environment, i. e. or physical forces, Technological forces and Socio-cultural forces		**Interactive Lecture:** Clarification of physical forces, Technological forces and Socio-cultural forces **Activity:** Enlist **various** physical forces, Technological forces and Socio-

			cultural forces in an industry
SESSION 3: MICRO ENVIRONMENT FACTORS			
1. Meaning and constituent factors of Micro Environment for firms- Suppliers, Marketing intermediaries, Competitors, Customers, General public	1.Enumerate different components of Micro Environment for firms- Suppliers, Marketing intermediaries, Competitors, Customers, General public 2. Differentiate various categories of Suppliers, Marketing intermediaries, Competitors, Customers, General public	1. Classify the main heads involved in Micro business environment 2.Differentiate various categories of Suppliers, Marketing intermediaries, Competitors, Customers, General public	**Interactive Lecture:** 1.Acquaint students with different constituent factors of Micro Environment for firms- Suppliers, Marketing intermediaries, Competitors, Customers, General public . **Activity:** **1.** Collect information on factors of Micro Environment for manufacturing firms and service firms

(Note: The location would depend upon the topic under discussion, wherein it will be the classroom for the theoretical interactions and the student will be required to visitield/retail outlet or the marketing department of an organization to observe and comprehend the conceptsrelated to marketing.)

Learning Objectives

After reading this unit, the students will be able to:

1. Explain the nature of the business environment

2. Recognize the relationship between the firm and its environment

3. Comprehend Environmental Scanning and its significance

4. Understand the factors determining macro environment in business

5. Analyse the micro economic factors of business environment

6. Explain the effects of demographic change on marketing

7. Discuss the nature of economic factors and sources of competition in business

8. Explain how technological change can transform industries

SESSION I: MEANING AND IMPORTANCE OF ENVIRONMENT
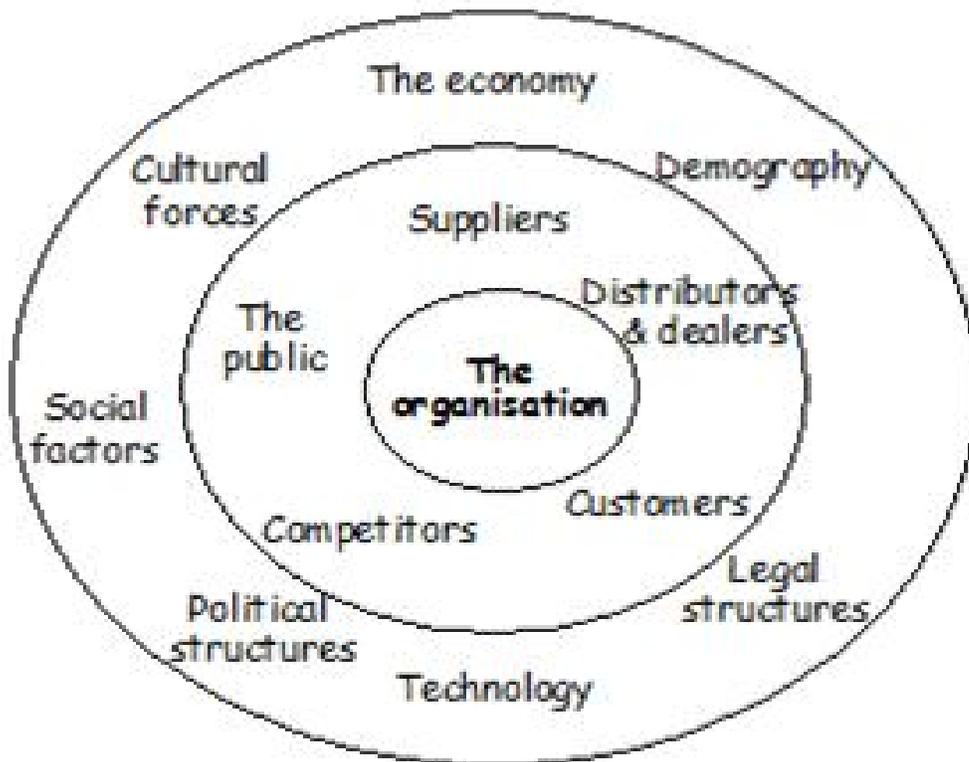
INTRODUCTION:

Marketing is an art of winning hearts of customersand persuading them to buy the firm's products and services.It creates value for customers and in return captures value/ profit from the customers.A company's ability to develop and maintain successful relations with its target customers, in fact,determines its growth. No business operates in a vacuum. The exchange process between the firm and its customers depends uponbusiness decisions taken bythe firm, and these decisions again, are affected by the marketing environment. Marketing environment consists of numerousfactors and forces close to company which affect its ability to serve and satisfy its customers for their needs and requirements. The mix of these internal and external factors affect the way a firm operates. Firms need to understand the marketing environment so that they can make the most of positive factors and manage the impact of negative factors. Sincea successful relationship with customers and stakeholders results into growth of business, now a dayalmost all the firms engaged in production and marketing, tend to identify, monitor and analyse these forces before taking decisions for the firm.

In production process, right from the productconceptualization tillfinal production, every single person, group entity, event or factor- internal/ external,makes a specific impact on firm's choices. Similarly individuals or organizations, in capacity ofcustomers, suppliers, competitors, even governments are also affected by the firm's activities. As these directly or indirectly give some input into marketing decisions taken by the firm.A firm plans productionkeeping in view the customers' needs,market characteristics, competing rivals, behaviour of suppliers and distributorsfor its product. It also gives due consideration to the legislative, social and cultural framework.By producing goods and services for people, the firm is committed to provide satisfaction to individuals and to increase the welfare of society. It is, in fact, the economic and social organ of society, so it must achieve its economic goal also.

According to M. Weimer, "Business environment is the climate or set of conditions -i.e., economic, social, legal, technological and political situations in which business activities are conducted". In the words of Keith Davis, "Business environment is the aggregate of all conditions, events and influences that surround and affect it." Philip Kotlerdefines "A company's marketing environment consists of the actors and forces outside marketing that affect its management's ability to build and maintain successful relationships with target customers."

There are few examples of external forces making an influence on a business:

i. Fast technological changes as in the mobile industry or computer industry-introduction of new models and software and Apps

ii. Uncertainty in political scenario, e.g., changing governments, change of finance minister or minister of concerned industries etc.

iii. Changes in government's economic policies, e.g., licensing policy, taxation policy, inter-state or foreign trade policy.

iv. Social changes, e.g., demand for reservation in jobs for minorities and women.

v. Changes in fashion and tastes of consumers, e.g., preference for organic products ordemand for Khadi clothes in place of synthetic clothes by the customers etc.

vi. Industrial conflicts caused by labour unrest- labour demanding higher wages and bonus and better working conditions, etc.

vii. Globalization and Liberalization resulting in increased competition in the market with the entry of multinational corporations or start-ups

The environmental forces, at times, do not show any significant change.The environment of a business enterprise then is termed as stable or static environment. But modern organizations now a day are observing frequent changes, both internally as well as externally. The nature and degree of change is unpredictable. There are new products and designs being introduced to the market every day, invention of new techniques of production, new competitors, changes in ministries in the Government, changes in policies related to industry, taxation or banking that bring irregularity in the environment for the marketers. Such factors

creatinginstability make the business environment volatile and it is called a dynamic environment.The firm has to deal with the changes taking place 'within' and 'around' it. There are certain forces that can be controlled to a large extent by the management of a company. These are calledinternal environment factors, which are generally related to product design, volume of production, procurement of raw material, employment of labour, doses of financial investment and expansion plans of the firm. These changes can be introduced as per desire of the company's management. Besides this, the four P's of marketing i.e., product, price, place and promotion are also controllable. For example, if the customers expect some variations in the product offered by the firm, or price is high/ low for the target customers or the current medium of advertisement is not effective enough, the firm is quite free switch over to required changes. These factors are a part of controllable environment making an impact on approach and success of its operations.

Another type of marketing environment, which generally cannot be guarded by the management of a company, is called uncontrollable environment. This also affects marketing policies and strategies of the firm to a great extent. The external uncontrollable environment consists of factors and forces at two levels namely- micro environment, and macro environment. Micro environment consists of the elements or forces that influence marketing and business directly. It includes suppliers, customers, intermediaries, competitors and the general public. Macro environment includes demographics, economic forces, political andlegal forces, socio-cultural and technological forces, which arebeyond the control of firm and affect business indirectly. The firm analyzes these environmental forces also,while taking various decisions in marketing.

The External Marketing Environment

Environmental Scanning

The firmsurvives and contrives inan uncertain dynamic environment.An environmental scanning by the firm for recognizing potential opportunities and threats outside are very essential. It is, in fact, key to business success. The management has to systematically monitor the external forces to make strategy for the firm in the future. Through environmental analysis, the management can develop an Environmental Threat and Opportunity Profile (ETOP) which gauges the impact of various environmental forces on the firm.Threat may be like emergence of strong competition in the market by new firms and substitute products, and opportunity may occur in the form of path breaking new technology that may help to reduce cost and improve product quality of the firm.Environmental scanning is a process of scrutinizing and weighing up changes and trends in marketing environment by the firm. Before production and launching the product in the market the management has to make a good market research to explore various aspects like-

a) **Nature of target customers-** Identifyingthe size of family, job profile, purchasing power and buying motive of the customer etc. For example before introducing Tata Nano to the automobile market these factors were ensured by the company.

b) **The market trends**-Observing the position of company's previous products and services in the market, whether demand is likely to remain static, decrease or increase.

c) **Economic, social and political trends**- Scanning the economic, social and political trends affecting productionnamely monetary policy, social changes, anti-pollution or energy conservation laws e.g., Tata Nano project faced strong opposition in Singur (West Bengal) both socially and politically.

d) **Technology trends**- Anticipation oftechnological changes, i.e. whether new productmay become popular or what type of technology advancements are about to take place.

e) **Competition in the market**- Analyzing the upcoming or existing competitors and what are their strengths and weaknesses.

Importance of Environmental Scanning-

The business environment is multifaceted, complex, and dynamic in nature and has a far-reaching impact on the survival and growth of the business.There is a close and continuous interaction between the business and its environment. An environmental scanningbecomes very crucial as it enables a management to identify present and future opportunities which it can exploit,orthreats and constraints which have tobe tackled. The observations made of the relevant aspects of the external environment provide the backdrop for internal strategies as well as forecasting of sales and profit trends.It is important for the management of a company to be fully aware of its external environment and develop plans and strategies to deal with the environmental forces. If a company is able to adapt to its environment, it would succeed in the long-run. But if it fails to become accustomed to its environment, it might fail in the long-run. For instance, bike producers of UK failed as they could not cope with the changes in the environment. On the contraryJapanese producers succeeded as they could evolve strategies and techniques to deal with changes in technological, economic, social and other environmental factors.In these competitive times marketing managers have to besmart and should have a proactive approach, i.e. planning for the future. They cannot afford to sit back waiting for the environment to change, and react to changes as they happen. Rather they have to identify and foresee changes in the environment, and plan their responses before the changes happen. Some of the organizations go even beyond and manage the environment in their own interests, as was the case of Ford, IBM, Sony, McDonalds and Microsoft.

Environmental scanning is very significant for the organizations as it helps in-

1. **Determining Opportunities**- The interaction between the business and its environment identifies opportunities and helps in getting 'First Mover Advantage' out of it successfully. Opportunities mean the positive or favourable external forces that are likely to help a firm increase its business. The changes in the external environment indicate businessopportunities and help the firm in designing strategies to capitalize on them.For instance, by learning that the demand for bikes is going to increase, a bike producing company can take steps to increase production and introduce new models of motorbikes to lure new customers. This is what Hero Honda did in the 1990s to establish its leading position in the Indian bike market. By doing so, the company got the firstmover advantage. Another example could be of MarutiUdyog, which was the first company to identify a demand for small, economic cars in India in the 1980s.

2. **Identification of Threats**: Threats refer to the negative or unfavourable external factors that create hurdles for a firm. Environmental scanning helps toidentify possible threats in futureand give warning signals to the firms. For instance, an Indian firm finds that an MNC isentering the Indian market with new substitutes. This should workas awarning signal for the Indian firm. Based on this information, the Indian firm can improve the quality of its products, reduce cost of production, engage in aggressive advertising, etc. The proposal of Tata Motors to bring out a small economy car by 2008 was awarning signal for Maruti Suzuki to cut its costs or introduce economy models.

3. **Sensitization of Management to Cope with Rapid Changes:** The knowledge of environmental changes sensitizes the management to make strategy to cope with the emerging problems. A keen watch on the trends in the environment would help to sensitisethe firm's management to the changing technology, competition, government policies and changing needs of the customers, for example, Reliance Industries has always kept pace with the external environment and formulated strategies to avail opportunities in emerging high-tech areas.

4. **Formulation of Strategies and Policies:** Environmental analysis helps in identifying threats and opportunities in the market. They can serve as the basis of formulation of strategies to counter threats and capitalise on opportunities in the market. Leading companies like Reliance, Airtel, Tata Motors, Bajaj Auto and ITC have engaged the services of experts to monitor trends in the external environment. Theinputs provided by the experts are used in making strategies.

5. **Image Building:** If a firm is sensitive to the external environment, it will come out with new products and services to meet the requirements of the customers. This would build the image or reputation of the firm in the eyes of the customers and the general public. Because of sensitivity to Indian consumer's requirements, LG was able to enhance its brand image in the Indian market in a short span of time. SimilarlyG.E. divested its computer and air-conditioning business because they could not attain 1st or 2nd position in the business as per their policy.

6. **Continuous Learning**: Strategy formulation is a continuous process that involves keeping in touch with the external environment. Thus, managers continueto understand environmental changes and act on the basis of such information. Search of alternatives and choice of strategy to deal with the environment are parts of the learning process.

7. **Giving Direction for Growth:** The interaction with the environment leads to opening up new frontiers of growth for the business firms. It enables the business to identify the areas for growth and expansion of their activities.

8. **Identifying Firm's Strength and Weakness:** Business environment helps to identify the individual strengths and weaknesses in view of thetechnological and global developments.It activates management to move accordingly.

9. **Basis of strategy:** Strategists can gather qualitative information regarding business environment and utilize it in formulating effective plants. For example: ITC Hotels foresaw bright opportunities in the travel and tourism industry and started building hotels in India and abroad. Similar is the case withOYO room services or Snapdeal and Amazon web portals.

10. **Intellectual stimulation:** Knowledge of environment changes provides intellectual stimulation toplanners and decision-making authorities. They can do it by paying more attention to people by listening to their problems and suggestion. They can also eliminate procedure complexities in a visible way. The drastic and dynamic steps will definitely keepthe company better placed.


Knowledge Assessment - I

State whether the following statements are true or false:

1. The exchange process between the firm and its customers depends upon business decisions taken by the firm, and these decisions again, are affected by the marketing environment.

2. If a company does not adapt to its environment, it would succeed in the long-run.

3. Marketing environment, generally guarded by the management of a company, is called uncontrollable environment

4. Knowledge of environment changes provides intellectual stimulation to planners and decision-making authorities.

5. Environmental analysis helps in identifying only business opportunities in the market.

6. A keen watch on the trends in the environment would help to sensitize the firm's management to the changing technology, competition, government policies and changing needs of the customers.

7. Search of alternatives and choice of strategy to deal with the environment are parts of image building process.

8. Strategists can gather qualitative information regarding business environment and utilize it in formulating effective plants.

9. If a firm is sensitive to the external environment, it will come out with new products and services to meet the requirements of the customers.

10. Business environment helps to identify the individual strengths and weaknesses in view of the technological and global developments.

Answers: 1. True, 2. False, 3. False, 4. True, 5. False, 6. True, 7. False, 8. True 9. True 10. True

SESSION 2: MACRO ENVIRONMENT FACTORS
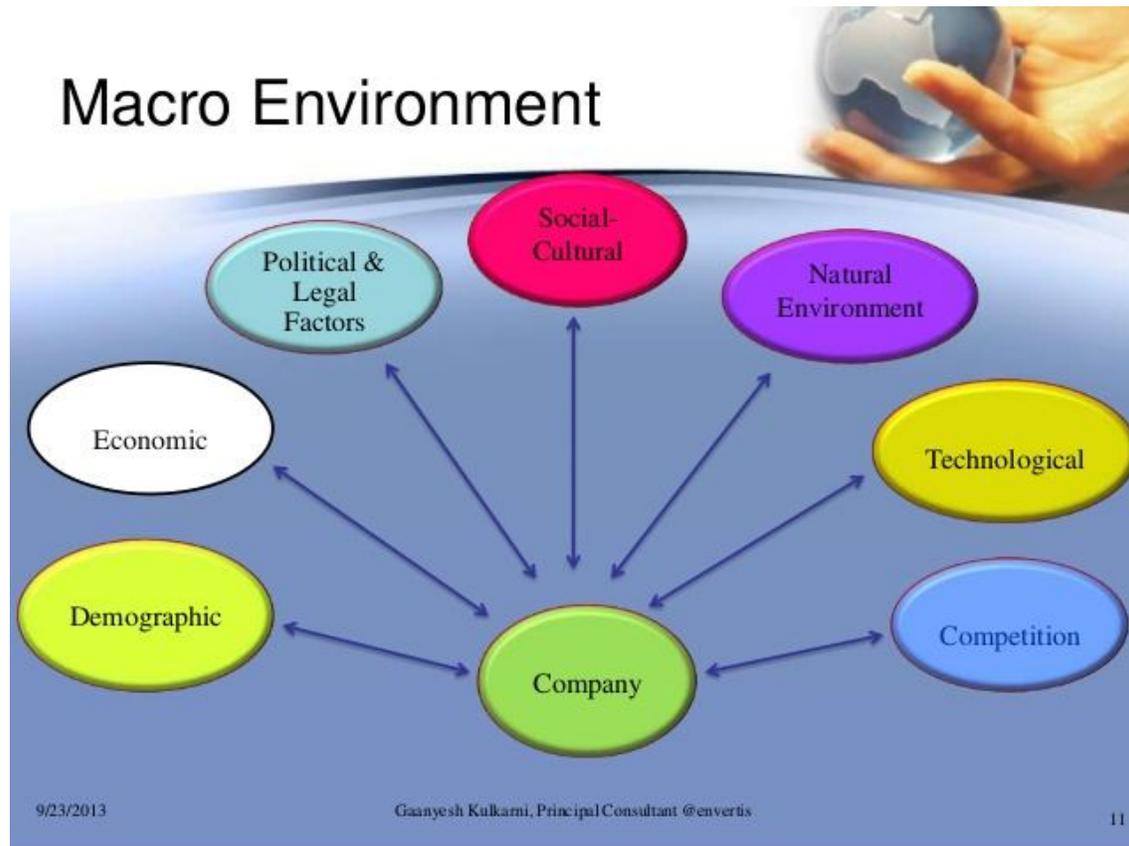
Marketing system of a business organization is surrounded by many kinds of environments with which it interacts.The Firm's marketing activity depends uponits business planning by looking outside at what its customers require, rather than deciding inwardly at what it would prefer to produce. The firm has to be aware of what is going on in its marketing environment and appreciate how environmentalchange can lead to change indemand pattern for its products. Just as the human body may have problems, if it fails to adjust to environmental change;a business may also fail if it does not adapt to external changes such as new sources of competition or changes in consumers' preferences.

Macroenvironment and micro environment are very crucial for the firm in spite of being much apart from firm's internal settings. The macro-environment refers to external forces that are part of the larger society andso are beyond the control of firm's management. These forces do not concern the immediate environment of the firm but make an effect on firm's

ability to market its productseffectively. By studying these factors firmscan only prepare themselves for the changes taking place in environment.

The macro environmental factors/ forceswhich affect organization's marketing decisions and activities are as follows:

i. Demographic forces
ii. Politico-legal forces
iii. Economic forces
iv. Natural or physical forces
v. Technological forces
vi. Socio-cultural forces

(i) **Demographic forces**:

A firm must gather demographic environmental information first of all, even before setting up the business.Demography refers to studying human population in terms of size, density, location, age, gender, race, literacy and occupation. The demographic environment is of great interest to the marketers because these factorsconstitute potential market for company's products. If the total population consists more of children,there will be more demand for toys, baby foods, children accessories and diapers. With more of elderly people in a locality/city, there will be more demand for medicines, wellness products, and walking sticks etc. On the contraryif there ismore of young population, the producers will producevariety of cosmetics, personality improvement products, designer fashionable clothes and lifestyle goods to meet their demand. The changing habits, tastes and life styles of the population also give directions to the marketers, e.g.,in metropolitan cities there is moredemand for fast foods, electronic home appliances and crèches etc. So demography is a very important factor to study for marketers as it helps to divide the population into market segments and target markets.

(ii) **Political and Legalforces**:

Federal, State and Local bodies generally set rules or restrictions on the conduct of businesses. The political environment includes all laws, government agencies and constitutional provisions affecting or limiting businessorganizations within a society. It is essential for marketers to be aware ofsuch provisions,

incentives,Government'sinterventionand restrictions in business as these factors make great influence on business decisions.The viability of a business depends upon firm's ability to meet the challenges arising out of the politico-legal environment.

Following are the important components of the politico-legal environment:

i. The constitutional framework-directive principles, fundamental rights of citizens, and division of legislative powers between central and state governments.
ii. Political institutions like government and allied agencies
iii. The extent and nature of government intervention in business
iv. Commercial and economic laws and government policies under the laws relating to licensing, monopolies, foreign investment, etc.
v. Government policies related to imports and exports
vi. Government policies related to small scale industries, sick industries, consumer protection, control of environmental pollution, etc.
vii. Government policies related to pricing and distribution of essential commodities.
viii. Court decisions for the protection of consumers, environment and ecological balance.

If Government policy of liberalisation with an objective of inflow of foreign capital and technology into the country has encouraged multinational companies to enter into Indian marketson the one hand, ithas created new challenges for the Indian businesson the other. Some products are regulated by both state and federal laws. For example ban on sale of 'Maggi' by the Government was a big blow to Nestle company. There are even restrictions for some products as to who the target market may be,so subliminal messages have to be indicated. For example,' Cigarettes should not be marketed to younger children' or *'Smoking is injurious to health'* is denoted on packets by the cigarette companies. As laws and regulations change often, this is a very important aspect for a marketer to monitor.

Marketing decisions cannot be taken without taking into account the developments in political and legal field. Government agencies, political parties, pressure groups and laws create tremendous pressures and constraints for marketing management. Laws affect product design, pricing, and promotion. Irrespective of the political ideologies, intervention in the marketing process has almost become common in every nation.

The marketing managers are required to have adequate knowledge and understanding of political and legal forces for accomplishing their tasks.

(iii)   Economic Forces

Another aspect of the macro-environment is the economic environment.The marketing managers every day face a bout of economic factors, assess its impact and change their action plan accordingly. Sometimes economic news spreads optimism; like Improvement in growth rate, higher demand, low interest rates and declining unemployment. On other times it may cause nervousness indicating industrial recession, price rise, increase in taxation, declining employment and demand etc. Naturally, business thrives when the economy is growing, prices are stable, and people have employment as well as high purchasing power creating demand. Marketing products is easier, when consumers are willing to buy, but is very difficult when people have less money to spend. Inflation is a sustained rise in the prices of goods and services. As a result, the purchasing power of rupee or real value of money gets reduced. For the same quantity and quality of goods, people are forced to pay higher prices. Inflation of mild dose is good for the economy but wild rise is bad for the society particularly middle and poor classes. The consumers would spend less and less on luxuries and would concentrate on basic necessities of life. Thus inflation poses a great problem in managing marketing programmes. To check price rise interest rates are pushed upwards which affects expansion plan of the organizations. The tax rate, exchange rate, foreign trade policy or industrial policy etc., all have tremendous impact on business decision making.

(iv)   Natural or physical forces

The natural environment is another important factor of the macro-environment. This includes the natural resources that a company uses as inputs that affect their marketing activities. The concern in this area is the shortages of raw materials, increasedair pollution, noise pollution, land pollution, water pollution, and so on. As raw materials become increasingly scarcer, the ability to create a company's product gets much harder. Also, pollutioncauses huge social cost, i.e. deterioration of the environment around us.The ecologists and sociologistsassess social cost which

negatively affects a company's reputation if they are known for damaging the physicalenvironment.A marketer also has to calculate social net profitability (social benefit minus social cost) of its business activity. He has to consider the physical environmental factors such as the quantity and quality of existing forest wealth, possibility of artificial rain, the exploitation of sea products like fish, the health hazards due to pollution, etc. The Indian government has introducedthe concept of 'corporate social responsibility of business' as well as "Eco mark" for marketing eco-friendly products.

To maintain 'ecological balance' the marketing managers are expected to:

i. Control the environmental consequences of the product adopting green production processes and bio-degradable packaging.
ii. Follow the environmental criteria while deciding on product ingredients, design and packaging;
iii. Respond to the issues raised by the environmentalists and consumerists

(v) Technological forces:

The technological environment is one of the fastest changing factors in the macro-environment. Technological environment refers to the state of technology in the areas of manufacturing, mining, construction, materials handling, transportation and information technology. Advancements in technology leads to greater productivity, higher quality and lower cost of production for the business. However, introduction of advanced technology requires higher capital investment. It may also lead to unemployment in some cases where machines replace jobs. That is why, labour unions generally oppose the introduction of new technology. Now a day technological changes are taking place at a fast pace and are affecting investment decisions undertaken by business firms. Introduction of automatic and semi-automatic machinery in industry requires higher capital investment on the one hand but leads to savings in labour costs as there will be fall in the number of workers required. So will be the impact of new information technology which has sped up communication between business houses and customers. There is now an increasing trend towards e-commerce because of easier availability of information technology throughout the world.The marketers must constantly watch changes in technology for keeping track

of competition and customer wants. In any country, the state of technology plays an important role in determining the type and quality of goods and services to be produced and the type of plants and equipment to be used. Early adoption of new technology helps in new improved products and increases the competitive advantage of the business firm.

(vi)   Socio-cultural forces:

The final aspect of the macro-environment is the socio-cultural forces which consists of institutions and basic values and beliefs of a group of people.The socio-cultural environment of a country determines the value system of the society which in turn affects the marketing of products. Sociological factors such as caste structure, mobility of labour, customs, cultural heritage, view towards scientific methods etc. might have a far-reaching impact on business. For instance, the nature of goods and services in demand depends upon people's attitudes, customs, socio-cultural values, etc. In India, the attitudes of people have changed with respect to food and clothing. As a result of industrialisation, employment of women in factories and offices has increased and it has also increased the level of education. This has resulted in the growth of food processing and garment manufacturing units.

Socio-cultural environment determines the code of conduct the business should follow. If a business follows unethical practices, various social groups and Government will intervene to discipline it. For instance, if an industrial unit is not paying fair wages to workers, trade unions and Government will intervene. If it is indulging in adulteration, hoarding or black marketing, there are consumer forums and several government agencies to take action against it.

Some of the socio-cultural factors which have the potential of influencing marketing decisions include the following:

- Caste and occupational structure
- Family structure- joint v/s nuclear family
- Increasing number of women in the workforce
- Population shifts from rural to urban areas
- Educational system and literacy rates
- Changing consumption habits of the populationfor enhancement of quality of life

- Exposure to western modern culture

This macro environment is also known as PEST, that is, Political Environment, Economic Environment, Social Environment, Technological Environment, Environmental forces (Natural) and Legal Environmental study by an organization.

Knowledge Assessment – II

B. Make the right choice:

1. The nature of goods and services demanded in a society depends upon

   A. Fashion trends.

   B..people's attitudes, customs, socio-cultural values

   C. Future expectations

2. A business survives and grows if it

   A. does not adapt to external environmental changes.

   B.remains indifferent

   C. adapts to external environmental changes

3. High rate of inflation and exchange rate------ business sentiment in a country.

   A.encourage

   B. promote

   C. discourage

4. Themacro environment for business activity can be termed as

   A. PEST

   B. POSTER.

C. PESTER

5. In metropolitan cities due to fast lifestyle there is more demand for

   A. medicines and spectacles

   B. fast foods, electronic home appliances and crèches

   C. baby foods and toys

6. Exposure to western modern culture and population shifts from rural to urban areas are

   A. Economic factors

   B.Socio-cultural factors

   C. Political factors

7. If a business follows unethical practices, various ----------will intervene to discipline it.

   A. social groups

   B. Government

   C. Both

8. Advancement in technology lead to greater productivity, higher quality and -------cost of production for the business.

   A. lower

   B. higher

   C. Both

9. There is an increasing trend towards --------------because of easier availability of information technology throughout the world.

   A. e-commerce

   B. mass production

   C. Both

10. Sociologists assess ---------which negatively affects a company's reputation if they are known for damaging the physical environment.

    A.financial cost

    B. social costl

    C. Both

Answers: 1.B, 2.C, 3.C, 4.A, 5. B, 6. B, 7. C 8. B, 9.A, 10. B

SESSION 3: MICRO ENVIRONMENT FACTORS

Micro environment indicates the factors and forces in the immediate area of operation of the firm which affect the marketing manager's ability to serve the customers. It includes both internal as well as external forces. Internal forces include the company's top management and its various departments like purchasing department, research and developmentdepartment, productiondepartment, financedepartmentand personnel department.All departments within an organization have the potential to positively or negatively impact firm's objectives. These factors are generally under control of the firm as these have to co-ordinate with each other, but external factors cannot be governed by the firm. External micro-environment includes the–

1. Suppliers
2. Marketing intermediaries
3. Competitors
4. Customers
5. General public.

1. Suppliers:

The suppliers comprise all the business firms or individuals who provide raw materials, components and semi-finished goods to be used in production or even sell finished products of the organization. A Firmdepends on numerous suppliers either in capacity of a buyer of inputs or aproducer to whole-sellers and retailers. The buyer-supplier relationship is one of mutual economic interdependence, as both parties rely on one another for their commercial well-being. Although both parties are seeking stability and security from their relationship, factors in the supplier environment are subject to change.For instance,shortage of raw material or sudden increase in raw material prices forces suppliers to raise the prices, or anindustrial dispute may affect delivery of materials to the buying company. Any unexpected development in the supplier environment can have an immediate and potentially serious effect on the firm's commercial operations and production. It is crucial for a firm to monitor potential changes in the supplier environment and have contingency plans ready to deal with adverse developments hampering production activity.

2. **Marketing Intermediaries:**

Marketing intermediaries are the independent individuals or organisations that directly help in the free flow of goods and services between marketing organisations and the customers. Generally these are of two types, namely 'merchant' and 'agent'. Merchant middlemen can be wholesalers and retailers. Agent middlemen arean important part of the distribution network and renderimportant services in different capacities.Organizations typically rely on banks, venture capitalists and other sources to finance their operations; warehouses and transportation companies to distribute goods; and advertising, market research firms and public-relations firms to market their products. Each intermediary can potentially increase or decrease production and customer satisfaction

3. **Customers:**

A customer may be an individual or household, an organization that purchases a product for use in the production of other products, or an organization that purchases a product for resale at a profit. This customer factor of a marketing microenvironment has great influence on marketing decisions. Marketing specialists, or marketers, develop and market messages to appeal to a company's individual customers' needs. Target may be grouped as follows:

   i. **Consumer market-** individuals and households buying the product for consumption.

  ii. **Industrial market**-organizations buying for producing other goods and services for the purpose of either earning profits or fulfilling other objectives or both.

 iii. **Reseller market**-organizations buying goods and services with a view to sell them to others for a profit. These may be selling intermediaries and retailers.

  iv. **Government and other non-profit market**- the institutions buying goods and services in order to produce public services. They transfer these goods and services to those who need them for consumption in most of the cases.

   v. **International market**- individuals and organizations ofothercountries buying for their consumption or industrial use or both. They may be foreign consumers, producers, resellers and governments.

4. Competitors:

Competitors are the rival business firms in the effort to satisfy the markets and consumers' demand. Since these are competing with each-other, the marketing decisions of one firm not only influence consumer responses in the marketplace but also affect the marketing strategies of other competitors. So marketers have to continuously monitor the rival firm's marketing activities, their products, distribution channels, prices and promotional efforts to design its marketing strategy. They must also gain strategic advantage by positioning their products and services strongly against those of their competitors, in the minds of the consumers.

There are three types of competition:
   a) **Competition from similar products-**The most direct form of competition occurs amongst marketers of similar products. For example, competitors in electronic home appliances are LG,Samsung or Philips etc.
   b) **Competition from substitute products-**The second type of competition involves products that can be substituted for one-another. For example, in air transport industry, Indigo competes with Jet airlines. The increase in fares of one airline increases demand for other airline services.
   c) **Competition amongst all firms-**The final type of competition occurs among all organizations that compete for the consumer's purchases. In other words, modern marketers accept the argument that all firms compete for a limited amount of market share.

5. Publics:

The company's micro environment also includes various publics, i.e. groups of people. A *'public'* means any group that has an actual or potential interest in or impact on the company's ability to achieve its objectives. A public can contribute to a marketing program through positive word of mouth or may hinder marketing activities through negative word-of-mouth. Kotler and Armstrong have described seven types of publics as follows-

   1. **Financial publics**- They groups influence the company's ability to obtain funds. The examples of major financial publics are- banks, investment houses and shareholders.

2. **Media publics**- They consist of those mechanisms or devices that carry news, features and editorial opinion. They include- newspapers, magazines, radio and television stations.

3. **Government publics**- Management must take government developments into account. Marketers must often consult the company's lawyers on issues of product safety, truth-in-advertising and other matters.

4. **Citizen-action publics**- A company's marketing decisions may be questioned by consumer organizations, environmental groups, minority groups and others. Its public relations department can help it stay in touch with consumer and citizen groups.

5. **Local publics-** Every company has local publics, such as neighbourhood residents and community organizations.

6. **General publics-** A company needs to be concerned about the general public's attitude towards its products and activities. The public's image of the company affects its buying.

7. **Internal publics-** A company's internal publics include its workers, managers, and board of directors. Large companies use newsletters and other means to inform and motivate their internal publics. When employees feel good about their company, this positive attitude spills over to external publics.

Knowledge Assessment – III

Fill in the blanks-

1. Micro environment indicates the factors and forces in the immediate --------------of the firm which affect the marketing manager's ability to serve the customers.

2. Organizations buying goods and services with a view to sell them to others for a profit are called-------------------.

3. Marketers have to continuously monitor the rival firm's marketing activities, their products, distribution channels, ------------------ efforts to design its marketing strategy

4. Agent middlemen are an important part of the --------------- and render important services in different capacities.

5. A Firm depends on numerous suppliers either in capacity of a-------------- or a producer to whole-sellers and retailers.

6. Every company has local publics, such as -------------- residents and community organizations.

7. Large companies use -------------------- and other means to inform and motivate their internal publics

8. The buyer-supplier relationship is one of mutual --------------- interdependence.

9. External environmental factors --------------- governed by the firm.

10. ----------------- provide raw materials, components and semi-finished goods to be used in production or even sell finished products of the organization.

Answers: 1.area of operation, 2.selling intermediaries, 3. prices and promotional

4.distribution network, 5.buyer of inputs, 6. Neighbourhood, 7.Newsletters,

8. Economic, 9. cannot be, 10. Suppliers

EXERCISE QUESTIONS:

(A) **Write short answers to the following questions-**

1. Why do firms need to understand the marketing environment?

2. Define marketing environment.

3. Enlist certain external forces making an influence on a business.

4. How does an industrial conflict caused by labour unrest affect a firm's productivity

5. Enumerate few uncontrollable factors in the marketing environment.

6. Distinguish betweenmicro environment and macro environment for a business

7. What do you understand by 'Environmental scanning? Why is it necessary for a business?

8. Explain briefly various macro environmental factors to a business.

9. Micro environmental factors are very crucial for a business to operate smoothly. Comment on the statement.

10. How does demographic environmental information help firms?

11. Discuss the elements of external micro-environment before a business.

12. How do 'suppliers' influence fir's decision making? Discuss

(B) Write long answers to the following questions-

1. 'A firm plans production keeping in view the customers' needs, market characteristics, competing rivals, behaviour of suppliers and distributorsfor its product.' Do you agree the statement? Discuss.

2. With the help of an example explain how changes in government's economic policies make a negative effect on business activity of a firm.

3. What do you mean by publics? Described seven types of publics affecting a business decision making.

4. A company's marketing environment consists of the actors and forces outside marketing that affect its management's ability to build and maintain successful relationships with target customers." Explain the definition.

5. 'The firm has to deal with the changes taking place 'within' it and 'around' it.' Discuss in detail.

6. How do you think that the four P's of marketing namely product, price, place and promotion are controllable factors for a business?

7. Which are the various aspectsexplored bythe management of a firm through market research before starting its operations?

8. What is the importance of environmental scanning for the organizations in modern times? Explain in detail.

9. 'The socio-cultural environment of a country determines the value system of the society which in turn affects the marketing of products'; explore the truth in the statement with the help of an example.

10. 'Technology adoption helps to gain competitive advantage to the business firm'. Explain how?

11. What is the significance of 'Customer' in marketing micro environment? Explain various categories of customer markets.

12. What role is played by 'intermediaries' in a market? Explain with support of examples.

UNIT III-SEGMENTATION, TARGETING AND POSITIONING

Unit Code 3	Unit Title: SEGMENTATION, TARGETING & POSTIONING			
Location	**Classroom**			
Duration				
	Session I: SEGMENTATION, MEANING & IMPORTANCE			
	Learning Outcome	**Knowledge Evaluation**	**Performance Evaluation**	**Teaching & Training Method**
	Define the meaning of segmentation	Prescribe the meaning of Segmentation	Elucidate the implication of the word segmentation	Interactive lecture discuss the concept & meaning of segmentation Interactive lecture: explain the importance of segmentation
	Importance of Segmentation	Describe the importance of segmentation	Describe the features of importance	Interactive lecture explain the importance of segmentation

Learning Objectives

After reading the unit, the student will be able to

- Understand the meaning and importance of Segmentation;

- Identify bases of Segmentation;

- Define types of Segmentation;

- Understand the meaning of Targeting;

- Identify types of targeting;

- Define Selection Criteria for targeting;

- Targeting Failure of Target Markets;

- Understand the meaning of Positioning: The Battle for the Mind;

- Define Positioning Process;

- Identifying Bases of Positioning

All customers in a broadly defined market don't have the same needs. But successful marketers decide about the products to offer and the markets to be serviced. One size doesn't fit everyone very well. "One cannot be everything to everyone, but can be everything to a

selected few" and that no two individuals can be the same. These are the foundations for segmentation. For this purpose market segmentation is core to marketing. Various firms have achieved leadership positions through effective segmentation and targeting."Once you discover the most useful ways of segmenting a market, you have produced the beginnings of sound marketing strategy". To create differentiation, marketers use segmentation, targeting, and positioning, or STP. Consumers buy benefits, and products that BEST address their SPECIFIC need. Segmentation Analysis can help determine where customer needs products to address consumer needs. Segmenting the market, Targeting the user, and Positioning the products are three pillars of modern marketing strategy.

W. Smith (1956)is considered to be father of market segmentation, who provided market segmentation as an alternative to differentiation. Yet it was Wind, whose review of the status of marketing segmentation that made segmentation at the heart of marketing.

Meaning of Segmentation

Segmentation process consists of three stages: Segmenting, targeting, and positioning.[4] The three are popularly known as STP in marketing. .

Market segmentation is the process of dividing a heterogeneous market (aggregated) into homogeneous sub unit (segregated). Market segmentation is the identification of portions of the market that are different from one another or share a similar set of needs. Thus, market segmentation is the process of grouping similar consumers or business customers together in a market segment, in which the consumers or business customers exhibit similar requirements and buying characteristics. According to Professor Nirmalya Kumar, "Customers within any market have similar needs and expectations. To uncover the various segments into which customers fall, the segmentation process identifies variables that will maximise the differences between segments while simultaneously minimising the differences within each segment."

Importance of Segmentation

No market is totally homogeneous and to create meaningful segments, marketers must understand different purchase combinations that satisfy the need.

In the 1980s, we looked for the customer in each individual, today we look for individual in each customer. An organisation benefits from the process of segmentation in number of ways. Even buyer needs segmentation for generating new product ideas and providing some insights for advertising.

Mercedes produces worldwide the same cars, but it advertises the cars as "quality" cars in Germany, but as "prestige" cars in India.

1. **Improved Customer Relations:** Segmentation will enable the buyer to find the products most fitting to their physical or/and psychological needs. Customers finding products more tailored to their needs, would be more loyal to the firm (s). Since segmentation helps to meet the customer needs, expectations, aspirations and share of wallet, market segmentation is customer-oriented.

2. **Perfect-like Marketing Mix:** Since market segmentation assists in defining shopping habits (when, how much and how many times), price sensitivity and the benefits required. This helps in making marketing mix more accurate.

3. **Better Resource Allocation:** Since Segmentation's objective is to serve customers better and earn more profits, the firm would like to allocate resources more efficiently. Segmentation reveals who not to target and which customer groups will be best recipients of resources. Thus, market segmentation will lead to better marketing.

4. **Competitor Analysis:** To compete better in the market one must have complete knowledge of the competitors, the segments being served by them, and their working practices. It enables to know the segment which our organisation can serve better. If this kind of information is overlooked we may find ourselves in head-on collision with large competitors. Especially, the medium-sized firms can grow rapidly through strong positions in specialised market segments. By insightful segmenting and targeting, companies set the stage both for serving customers well and minimising the impact of competition. Thus, segmentation is a source of competitive advantage and enhances awareness of external market trends and competition.

5. **Taking care of Dynamic Environment:** Customer segments, which are likely to frequent changes due to changing environment, can be taken care of in strategic marketing planning. In fact, large companies with resources at command are leaving mass marketing.

6. **Focus Marketing Communication:** Segmentation establishes commitment and single-mindedness with the organisation: one vision, one voice, harmonised messages. Segmentation allows an organisation to identify media channels competent to reach the target group. Young women interested in fashion are more likely to read 'Famina'. Thus marketer can select this medium instead of going in for mass media.

7. **Measurement:** To measure the market share, growth, specification of target customers, recognition of relevant competitors, to formulate marketing objectives and strategies, segmentation is essential.

Knowledge Assessment- I

Fill in the blanks with appropriate words:

1. Market segmentation is the process of dividing a market ---------------

2. Prospects names can be got from salespersons of non-competing products.(aggregated) into -------------------- sub unit (segregated).

3. Customers within any market (*segment*) ----------------------------have.

4. Segmenting the Market, Targeting the User, and Positioning the Products are --------- ----------------------of modern marketing strategy.

5. No market is totally------------------ and to create meaningful segments, marketers must understand different purchase combinations that satisfy the need.

6. Mercedes produces worldwide the same cars, but it advertises the cars as "quality" cars in Germany, but as a ----------------cars in India.

7. Segmentation will enable the buyer to find the products most fitting to their physical or/and psychological ------------------.

8. Segmentation helps in making marketing ---------------- more accurate.

9. Segmentation's objective is to serve customers better and ------------ more profits.

{Answers: 1.Heterogeneous, 2. Homogeneous 3. Similar Needs 4. Three Pillars, 5.Homogeneous 6. "Prestige" 7. Needs 8. Mix 9. Earn

Unit Code 3	UNIT TITLE: SEGMENTATION, TARGETING & POSITIONING			
Location	Classroom			
Duration				
Session II	SEGMENTATION: BASES, TYPES OF SEGMENTATION,			
	Bases of Segmentation	Identify different bases of segmentation	Understand different bases of segmentation	Interactive lectures discuss the different basis of segmentation.

Bases of Market segmentation

It is a mirror through which the population of customers in an industry are divided. Thus it is an art. The variables on which segmentation can be done are numerous. To define customers who they are, they are segmented on the basis of demography; to define where they are, they are segmented on the basis of geography; and how they behave, they are segmented on the basis of behaviour; and to segment differently we have to go in for innovative segmentation.

Types of Segmentation:

1. **Geographic/ Demographics Segmentation.** Geography and Demographics, if clubbed it is known as geo demographics. It consists of defining customers according to:

(a) Their **country of birth** and their **location**, dividing a country into regions, states. Location does not mean that all consumers in a location will behave the same way, but the approach helps identify certain general patterns.

(b) Important variables according to Geography may be **global, global regional, national, National regional, city/state,[i] neighbourhood/ local, topography,** and **climate**.

(c) In case of large companies these regions may be further subdivided into sizes –**small, medium, and large.**

(d) In case of international marketing or global business **different countries might be taken up as different market segments.**

e) Another basis may be **geographical density – urban, suburban, and rural**. It may be a good basis as the low-density markets require different price, promotion and distribution strategies. India's urban population may be further divided on the basis of cities - Tier I (8 cities: 8% India's population), Tier II (26 cities: 4% of India's population), Tier III (33 cities: 7% population), and Tier IV (5094 cities: 11% population). The rest 70% is the rural population residing in India's 6,38,000 villages across India.

f) Next basis may be **climate – warm, cold, and rainy**.

g) The next base may be locality.

In case of Indian Railways, they have Northern Railway, Southern Railway, Eastern Railway, Western Railway, North-Eastern Railway, and Central Railway and so on and so forth. **Customers in different regions** may have **different cultures** and may require marketing differently. India is a country of diversities. In terms of types of commerce (Tourist, local worker, residents, businesses), retail establishments (downtown shopping districts, shopping malls), competition (underdeveloped, saturated), legislation (stringent, lax), and cost of living /operation (low/moderate/high) are the other bases of geographical demographics).

Demographic segmentation is good to guide the media plan and help the creative agencies to understand how to bring the segment to life.

2. **Personal Demographics segmentation.** Populations are often broken down into categories on the basis of age, gender, ethnic origin, education, income, occupation, Religion, Family size, Stage of family life cycle, social status/class, etc. In Demographic segmentation, market is divided into segments on the basis of readily observable personal characteristics such as age, gender, ethnicity, etc. It offers a wide variety of bases for segmentation.

Age: Today virtually every age band from life to death is the focus of a marketing campaign. The requirements are different in different age groups. In case of readymade

garments, it may be for new borne babies, children, teens, youth, middle age people, old people. All of them have different needs. Young people like to make use of credit cards. Older people use cash. Children consume more of carbonated drinks. That is why – Youngistan and 'YehDil Mange More". People at 50 and above are referred to 'grey' market or 'third age' group. The 'grey' market is itself categorised further according to lifestyle and other criteria. This market offers opportunities to personal care (hair dying, anti-ageing creams), pharmacy, telemarketing, nursing industries. Indian Clothing League Private Ltd. , manufacturing clothes for pre-teen children aged 6 to 18, is now targeting to tap infants from 0-2 under brand name 'Baby League' to fuel its growth strategy.

Segmentation by age can be done like- School age children and College going children, Preteens and Teens, Generation X, Generation Y, Baby boomers, and seniors.

Generation Y or the millennial generation, generally defined as people born after 1980, has an approach towards life that is distinct - much different from what we have witnessed till now. They are also a generation that is not afraid to embraces change, and that puts them at an advantage, given the dynamic environment we are working in. This is also a generation that has grown up with information at its fingertips, and isn't afraid to use - or share - it, to influence and be influenced on where to direct their spending. According to a recent report by IBM, the millennial workforce is slated to represent 50 per cent of the global workforce by 2015, and about 76 per cent by 2020. It is, therefore, imperative to understand this generation's approach as they redefine businesses and organisational structures. As individuals, millennials are increasingly relying on technology to engage and serve them better as they look for solutions that help and broadcast who they are.

In 2013, Star India is planning to launch a new English general entertainment channel, Star World Premiere, to cater to the 20-35-year-olds.

Gender: In case of clothes, it may be male and female, In case of fashionable clothes the two segments vary a lot. Women prefer scooties, and boys use motorcycles. By 2015, India will have 80 million working women in the age group of 18-44 year age band. The roles are changing because of womenfolk joining working groups. Now males do many jobs earlier performed by women folk, thus blurring the lines.

There are products where targeting may be at women, but we Indian males, being not individualists, use soaps, shampoos, talcs, skin creams and moisturisers targeted largely at women. Thus, Indian males act as surrogate users. At the same time, a section of women are using male deodorants. Hindustan Unilever Limited has Axe for male and Lux deodorants for women.

Family Structure: The family life cycle concept charts the progress of family development from birth to death. People at different stages of different life cycle have needs different from each other. A family may be in bachelor stage (young and single people), newly married couple -marriage alters the needs. Married couples need white goods and durable goods to begin with, Full Nest I (young married couple with dependent children - once a child is born, they would require baby food, baby clothes, toys, etc.), Full Nest II (older married couples with dependent children), Empty Nest (older married couples with no children living with them) and solitary survivor (older single People). Wells and Gubar (1996) have put forward an internationally recognised classification.

Race: The ethnic background is a good base for segmentation. Hindus celebrate Diwali, and Chinese celebrate their New Year differently and the two are good segments.

Politics: Different political party members have their liking for different members and commodities. For example Congress party members in India prefer white caps, Samajwadi Party goes for red cap, BSP members want a blue cap, whereas BJP members wear a saffron colour cap.

Family Size – Two segments may be small family and the large family segments. Smaller the family small size packs would be preferred, and larger the family larger packs would be needed.

The Psychological Life cycle: Here the chronological age may not necessarily be the factor of greatest importance in determining consumption patterns. Rather it is the transformation of attitudes and expectations that becomes a more important factor. The emergence of' **'kid adults'**, and **old younsters** represent the **psychological lives**.

Segacity: It is a refinement of the family life cycle grouping system, showing different behavioural patterns and aspirations to people as they proceed through life. These stages may

be Dependent, Pre-family, Family, and Late. The family and late may be further classified into Better off and worse off and these two bases may be further classified on the basis of occupation as White Collar and Blue Collar.

Type of neighbourhood and dwelling: Geo demography may also be used for segmentation by focusing on local neighbourhood geography. The proposition is that the neighbourhood area in which a consumer lives will be reflected in one's professional status, income, life-stage and behaviour. People living in different localities or different types of dwellings have different needs, but in one kind of dwelling situated in one locality they have similarity of needs. This basis of segmentation uses the house or locality as the basis of segmentation, rather than the individuals. It is popularly known as ACORN (A Classification of Residential Neighbourhood).

According to Indicus Analytics, top three neighbourhoods in Delhi include Greater Kailash I, Greater Kailash II, and PreetVihar; in Mumbai – Ward D-Grant Road-Walkeshwar, Ward-H-West Bandra Jetty; and in U.P. – Sector 19, 27 of Noida.

3. Socioeconomic: The populations are broken down according to income, employment, education, social class, home/car ownership, etc.

Income: Segmenting by income is very popular, especially for cars, luggage, vacations and fashion goods. There may be people belonging to lower class, middle class and high **net worth individuals.**

Volvo in India targets on the 5% high net worth individuals. The housing boards offer low-income houses, middle income houses and high income houses. The base for segmentation is income. It may be skill as well, like skilled workers, semi-skilled workers, unskilled workers, and subsistence workers (those living on state pension, casual or lowest grade workers), rich and poor.

A German statistician, Ernst Engel, has made the following observations about what happens when household income increases:
1.   Smaller percentage of expenditure goes for food.
2.   The percentage spent on housing, household operations, and clothing remains constant.

3. The percentage spent on other items (recreation, vacation, education) increases.

Education: College-going students have different demands than the people who after good higher education join the companies as executives, and those who are illiterates.

Occupation: The requirements for executives and a school teacher would altogether be different. The executive class would require Armani suit, whereas the other one would require a suit of any brand which is cheaper.

Social Class: Social class indicates one's social position, and is objectified through income, occupation, and location of residence. A policeman might be earning more than a college professor, off course through accepting under the table challans, but he belongs to a social class lower than that of a professor. The social class of professor will demand purchases of items and place of purchases different from that of a policeman.

4. Behavioural Segmentation. David Kurtz likes to call it as Product-related segmentation. Emphasis is placed on differences in peoples' values and not on differences in socio-demographic profiles. It takes into consideration the purchasing behaviour as the starting point, how frequently they buy, how loyal they are, what benefits they seek, when they buy, etc. These are:

Usage status: The segmentation may be done on the basis of 'light', 'medium', and 'heavy' users of a product. The other way can be non-users, first-time users and regular users. Airlines 'frequent flyer' schemes are based on this philosophy.

Brand Loyalty Levels: The segments may be made on the basis of 'Hard Core Loyals' (same brand every time), 'Soft Core Loyals' (loyalty divided between two or more brands), 'Shifting Loyals' (Brand switchers), and 'Switchers (no particular preference).

Benefit sought: The kind of benefit one wants to seek. Benefit segmentation depends on benefit sought is identifiable, using these benefits , marketers must be able to divide the customers into recognisable segments, and one or more of the resulting segments must be accessible to the firm. For Example in case of baking soda one may be using for bakery products, where the other one may be using as deodorant in the fridge. In case of baby wool, it may be used for baby care, child care and cosmetic use. These are the benefits received

from using. The other benefit seekers purpose might only be possessing the goods. In case of gold, silver, and precious stones this segment is as important as the actual users or wearers e.

Occasions for Purchase: Some of the products are purchased only on certain occasions. These occasions may be used as the basis for segmentation. Gifts are normally exchanged on Diwali, - but colours are purchased only on Holi. Demand for dates increase during the month of Ramadan. On the occasion of wedding lot of things are purchased including Lehenga and Choli. The segmentation may be done not only on the basis of culture, but also the subculture (religion, race, Nationality). Occasion can thus be an event. An event may be routine or emergency. Muslims do not eat pork and drink alcohol on Friday, but European Catholics do eat fish on Friday. Valentine's Day, Mother's Day, and Father's Day are the critical events used by Greeting Card companies and the chocolate companies.

Frequency of purchasing: People may buy for the whole year, or for one quarter or one month or one week. In India there are some households who buy rice at the time of harvesting for the whole year. They buy in 35 or 50 kg. Bags, Those who buy only for a month buy 5kg. Bags. Thus, frequency of purchasing is a good basis for segmentation.

Willingness to buy: A few people might not know the product, a few know it but never used, and some people know it and have used it. Each one of these segments requires a different marketing strategy.

Season: In India, we have three seasons- summer, rainy, and winter seasons. For each season we have different requirements. Air conditioner is purchased only for summers. But gone are the days when players in the air conditioner (AC) segment would market their products only during summers. Now, with erratic weather conditions, AC sales take place throughout the year.

Tribal: It is segmentation based upon social groups or cultures with which customers identify. The BBC started a programme for tribes in society 9 such as young, independent women) or the Indian TV channels starting 'SasBahu serials keeping in view the social structure.

Behavioural segmentation is straightforward, easy for everyone in the organisation to understand, and easy to find in the database. In case of watch markets, different segments may comprise economy segment, prestige and quality segment, fashion segment, and symbolic segment (gold or diamond case). However, its limitations are that the heaviest users are often the most price - consciousand very little information is provided about the unique problems of each segment that a marketer might solve.

Telecom Segmentation

Eight Segment Profiles

1. Talk & Texters – I just have a mobile phone because it is practical.

   The Conservative Customer

   Interested in basic functions

2. Talkative Trendies – 'Talk around the clock.'

   The modern, fun – fashion-oriented socialiser

   Interested in all applications and services

3. Aspiring to be accepted – 'Would like to have it but is not really up to it.'

   Wants to be part of the in-crowd, but would never be. Seek to have trendy handset so that adopted by peer sets they wish to join.

   Show special affinity towards photo, video and MP3 applications.

4. Laggards – 'Torn between conservative values and the modern world.'

   Traditional views with low communication needs and basic technical usage.

   Late in the market.

   Holds specific aversions to mobile phone but also views them as a practical-only device (e.g., for emergency calls only)

5. Gaming Youths – 'Game oriented mobile world addict.'

   Young and very technology-oriented people, belonging to mobile generation, who needs a mobile phone in order to maintain a fast-living fun life.

   Games! And Music!

   Search the images and brands that help them keep track of the modern world.

6. Sophisticated careerists – 'Be successful with mobile technology.'

   Career-oriented individualists with lots of contacts. Highly immersed in technology and very mobile.

   Demanding on value for money. Customer care and respect are very important to these

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customers.

Need a mobile phone to organise their life and business, but not emotionally attached.

7. Organisation Paid – 'No choice – the corporation decides.'

Demanding on value for money and customer care.

Network coverage, reliability, and volume discounts are the focus.

Users have little influence in selection, so not particularly fashion or technology-led.

8. International Business Users – 'Frequent connected business travellers.'

Easy quad-band roaming and smooth data transfer.

Some similarities with sophisticated careerists but with much greater emphasis on functionality and flexibility of at-destination services.

Influenced by corporate choice of network and tariff plans.

First five are consumer segments. The last two are business user segments. The sophisticated careerists are mainly business users who self-select mobile network, handset and tariff option and behave as consumers.

Source: Dibb, Sally, and Lyndon Simkin (2010), "Target Segment Strategy," in Michael J. Baker and Michael Saren (ed), Marketing Theory – A Student Text, Los Angeles: SAGE.

5. Psychographic Segmentation: Psychographic segmentation examines mental characteristics and predispositions connected with purchasing habits. It is related with similarity of values and lifestyles. It is concerned with the interests, activities and opinions of consumers, and is often related to life styles. Consumers buy things because of the personality, lifestyle and the consumer values they hold. People who think about the world in a similar way will respond similarly to the marketing mix

Personality Characteristics: Advertising agency, Young & Rubicam has classified customers into Mainstreamers (not to stand out of crowd), Reformers (creative and caring, many doing charities, and buying private labels), Aspirers (young, ambitious, and keen to get on, and buy latest designs and models), and success achievers (achieved in life, feel no need for status symbols or bother for what people will say). Companies marketing cigarettes, liquor, cosmetics and high priced watches create a personality for the brand to match it with the personality of the customer.

Briggs and Myres have developed four personality dimensions:

☐ Extrovert/introvert

- ☐ Sensitive/intuitive
- ☐ Thinking/feeling
- ☐ Judging/perceptive

There are two problems associated with personality characteristics. One, It is not possible to measure such traits in general population. And two, there is no medium to access people with a personality trait. But companies do target people through their ads. L'Oreal ad says "Because I'm worth it" and Hallmark Greeting Card ad says, "When you care enough to send the very best."

Lifestyle: Lifestyle and consumption are closely related, and therefore, marketers adopt it for segmentation. Lifestyle means approach to life. AIO (Activities, interests, and opinions) reflect lifestyles of people. People are grouped on the basis of how they spend their time, the importance of things in their surrounding, beliefs about themselves and broad issues and some demographic characteristics, such as income and education. The most popular consumer lifestyle framework is a survey from SRI Consulting Business Intelligence. It classifies customers into eight groups – Innovators, Thinkers, Achievers, Experiencers, Believers, Strivers, Makers, and Survivors. A detailed profile of customers is necessary for developing effective advertising campaigns.

Values: Values reflect the realities of life. Researchers at Survey Research Centre at University of Michigan have identified nine basic values: Self Respect, security, Excitement, Fun and enjoyment in life, having warm relationships, Self-fulfilment, Sense of belonging, Sense of accomplishment, Motives/hobbies, Knowledge and being well respected.

PSYCHOGRAPHIC VARIABLES: Personality – Cigarettes, Lifestyles – Clothes, Values – Food

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Types of Segmentation

Segmentation variables can be priori and post-hoc. Priori variables can be called identifier variables (who they are), whereas post-hoc variables may be called response variables (what they are). Segmentation based upon age, sex, education, etc are identifiers. The response

variables segment market on the basis of how customers behave. For example, segmenting airline passenger on the basis of price versus punctuality is a case of response variable.

Table3.1: Toothpaste Market Segmentation

Segment name	The Sensory segment	The Sociables	The worriers	The independent segment
Principle benefits sought	Flavour, product appearance	Bright teeth	Decay prevention	Price
Demographic strengths	Children	Teens, young people	Large families	Men
Special behavioural characteristics	Users of spearmint-flavoured toothpaste	Smokers	Heavy users	Heavy users
Brands disproportionately favoured	Colgate, Aim	Rembrandt, Close-up, Ultra brite	Crest, Mentadent	Brands on Sale
Personality Characteristics	High self-involvement	High sociability	High hypochondriasis	High autonomy
Lifestyle characteristics	Hedonistic	Active	Conservative	Value-oriented

Source: Russel I. Haley, "Benefit Segmentation: A Decision-Oriented Research Tool: Marketing Insight is Limited Only by the Imagination," Marketing Management 4 (Summer 1995); 59. Psychographic segmentation can be used along with segmentation by demographic or geographic variables.

Knowledge Assessment- II

Fill in the blanks with appropriate words

1. --, if clubbed it is known as geo demographics.

2. **---------– -** warm, cold, and rainy**,** affects geographic environment.

3. In case of international marketing or global business ---------------------------------------

4. Age, gender, race, politics and Family structure affect --------------------------------

5. ---affect Socio-economic segmentation.

6. Usage status, brand loyalty levels, benefits sought, frequency of purchasing, willingness to buy, and season influence---.

7. ------------------------------is influenced by personality characters, lifestyles and values.

{Answers: 1. Geography and Demographics, 2. Climate, 3. different countries might be taken up as different market segments, 4. Personal Demographics segmentation, 5. Income, employment, education, social class, home/car ownership, etc. 6. behavioural segmentation, 7. Psychographic Segmentation}

Unit Code 3	UNIT TITLE: SEGMENTATION, TARGETING & POSITIONING			
Location	Classroom			
Duration				
Session III	MEANING OF TARGETING AND TYPES OF TARGETING			
	Meaning and Types of Targeting	Comprehend the concept of targeting and its types	Identify the types of targeting	Interactive lectures: Explain the meaning and types of targeting
	Selection Criteria for Targeting	Identify the selection criteria for targeting	Understand the selection criteria for targeting	Interactive lectures: Explain the selection criteria for targeting
	Positioning: The battle for mind	Define Positioning	Identifying features of positioning	Interactive lecture: explain the meaning of positioning
	Positioning Process	Describing the positioning Process	Elucidate the positioning process	Interactive lecture: explain the positioning process
	Bases for Positioning	Identify bases for Positioning	Describe the bases for positioning	Interactive lecture: explain the bases for positioning

Meaning of Targeting

Gone are the days of 1960s when mass marketing provided scale economies for many markets. The ultimate segmentation is mass customisation, as Dell Computers is doing. Today, no organisation has the resources or capabilities to adequately address all segments in the market with segment specific sales and marketing mix. Unless the right segments are targeted an organisation will not enjoy the benefits of adopting market segmentation concept and the costs incurred in identifying segments will not be repaid. In case of ITC foods, initially it adopted mass targeting, now it is in a position to target any segment it likes.

The targeting stage of segmentation is concerned with making choices about the segments to serve. We can't be everything to every segment. The targeting process is concerned with balancing the attractiveness of segment opportunities against the available resources and the capabilities. The segments chosen through targeting are referred to as target markets or target segments. The search for the best prospects among all consumers is called target marketing.

Types of Targeting

An organisation has the following options to reach target markets:

Mass Marketing Strategy: When differences in customer needs are small or demographics are not distinctive, a business may decide to use a mass market strategy or 'undifferentiated marketing'. A firm may produce only one product or product line and promote it to all customers with a single marketing mix. The firm ignores any segment differences and design a single product-and-marketing programme that will appeal to the largest number of consumers. It means to offer a single product/service/idea across different market segments. It is also known as undifferentiated marketing. Coca Cola, Caterpillar, Sony, Marlboro, Philips, Toyota, McDonald's, Volvo and Kodak use global marketing strategy. However, these companies do modify their products and communication. The primary purpose of this strategy is to capture sufficient volume to gain economies of scale and a cost advantage.

LG Electronics India, the country's largest consumer durables maker is shifting its focus back to mass products

If separate products and programmes are designed for different segments it is called 'differentiated marketing'.

Large Segment Strategy: When a market is segmented and marketing resources are limited, the marketer may decide to pursue a large segment strategy. A mass market may be segmented say into three core segments. One of the segments, which is large enough and representing 50% or more of the market would be the centre of focus. We may also call it as the Single-segment marketing. It means to concentrate organisation's marketing efforts on a single segment. Unfortunately there are large risks associated with this strategy. Should the chosen segment cease to be viable the firm would also cease to operate. Putting all the eggs into one basket can be hazardous. For example one-hour photo has lost to digital photo camera, fax servicing has lost to e-mail, pager has lost to mobile phones, and STD booths have lost due to cheaper telecom services. Single market segment strategy can also be called as *'concentrated targeting'* strategy or *'niche'* strategy.

Adjacent Segment Strategy: When a single segment focus has reached the point of full market penetration and after a single-market segment successful, the marketer opts for adjacent marketing strategy, a closely related segment is tackled next. Suzuki entered the Indian market with the Maruti 800 at the low-price end of the market (presently Alto serves this segment). As Maruti penetrated this segment, it moved to an adjacent segment in terms of price and quality by adding Maruti Zen. Next was entry into a large car segment with Maruti Esteem. Over the last 25 years, Suzuki effectively used an adjacent segment strategy and is a market leader in each segment.

Multi-Segment Strategy: Market segmentation opens the door to multiple market-based strategies and greater marketing efficiency. For example in case of a power supplier, the segments may include domestic users, government users, commercial establishments, factories, occasional users, etc. The power supplier would serve all the segments at the same time. This strategy is known as multi-segmentation strategy. All of them would require separate marketing mixes. Nike produces shoes for golfers, tennis players, basketball players, for cricketers, and thus serves many segments relating to sports shoes. Chicago-based Hyatt Hotels and Resorts has targeted the gay, lesbian, bisexual and transgender market to make its image more attractive to this market. This strategy is also called as *'differentiated marketing strategy'*.

Small Segment Strategy: Although a market may provide three segment opportunities, a business with limited resources and capabilities may decide to compete only in the smallest segment. Such a small segment is normally ignored by large competitors, using mass market or large segment strategies. Even businesses with multi-segment strategy may feel ineffective to focus on such a small segment. In the case of Mercedes, for a very long time it used a small segment strategy to focus on luxury car market. However, due to competitive pressures and attractiveness of adjacent segments, it is following a *dual-segment strategy*.

Niche Segment Strategy: The word niche itself implies that one is targeting a limited number of consumers or a particular set of customers. Separating a market into 100% homogeneous segments is really difficult. Many differences will always remain due to demographics or usage behaviour. Thus, there is always a possibility to carve a niche within a segment to customise marketing efforts according to group of target customers. Niche segment consists of sufficient number of customers seeking somewhat specialised benefits from a good or service. This strategy would avoid direct competition with larger firms who are pursuing bigger segments. This strategy is also known as 'Concentrated marketing'. OM Pizzas are the Starbucks of the Pizza world!! Therefore, plenty of room for them is to play in the big gap between the fine dine pizzerias (which charge more than Rs. 700 per person) and the mass market Dominos and Pizza Hut (which charge around Rs.200-300 per person)." With Chillis Texas Grill & Bar, the company would hit the perfect spot in casual dining and a fun bar, with an international ambience.

After cornering 45% of the country's 25-lakh-unit passenger vehicle market, Maruti Suzuki is now targeting niche segments by adding a third-seating row to WagonR by making it seven-seater and adding a diesel engine. WagonR is the third most-popular car brand in the country after Maruti's own Alto and Dzire models.

The fast-moving consumer goods Emami has made a habit out of developing niche segments into money-spinning brands. It carved out a virgin segment for its Fair and Handsome. The early-mover advantage played out well for the firm, despite HUL launching its own variant followed by international rivals Nivea and Lóreal. Navratna Cool Talc was yet another innovation and is doing well in the hinterland.

A variety of online food delivery start-ups in Bangalore have come up catering to niche markets.iTiffin.in takes bulk orders, either for a week or a month; ichef.in focuses on quality of product; SpiceBox.in clinches corporate deals; Travelkhana and Foodpanda adhere to timeliness; and FlyByKnight sells essential items right from a sandwich to a burger to even cigarettes;

Sub-Segment Strategy: If there are meaningful differences in customer needs within segments which are presently not being met by current market segmentation, then there is need for possible sub-segmentation. For example, a ready food kitchen may go in for segmentation within such segment. It may go for office delivery, food for standing on the ground floor, and customers sitting with air-conditioned atmosphere on the first floor. Food remains the same, but prices differ. We may call it as 'Micromarketing'.

Selection Criteria for Targeting /Need of Targeting

There is need for targeting. There has to be match between costing and revenues. Factors affecting needs of targeting are too many. (9)

1.   Existing market share and market homogeneity

2.   Existing product expertise

3.   Likelihood of production and marketing scale economies

4.   Nature of competitive environment

5.   The forces of marketing environment and marketing trends

6.   Capability and ease of matching customer needs

7.   Segment attractiveness in terms of size, structure, and growth

8.   Available corporate resources

9.   Anticipated profitability and market share

Some other factors which influence the choice of targeting Strategy are stage of product-market maturity, extent of buyer differentiation, market position (market share), Structure and intensity of competition, and adequate resources. However, Barnes et al [10] suggest making use of Porter's Five-Forces Model to determine attractiveness of a market segment.

Failure of Target Market

If targeted segment does not meet the needs of the marketer then he must raise the following questions:[11]

1. Have our targets changed in the last few years? Are we seeking the same targets we always went after?

2. For each of our core businesses or brands, how do we describe – in detail – the market target?

3. Have we segmented each market in which we operate to identify and describe the most profitable market targets to pursue?

4. What was our rationale for selecting these targets? What process did we use to find them?

5. Can we prove our targets are profitable? Can we show that they have made money for us in the past, or will make money in the future?

6. Would another target or targets be more profitable?

7. Do all functional areas of the marketing organisation have information about the target relevant to their activities?

Knowledge Assessment- III

Fill in the blanks with appropriate words:

1. Segmentation can be --------- and Post-hoc.

2. Today, no organisation has the resources or capabilities to adequately address all ----------in the market with segment specific sales and marketing mix.

3. Unless the right segments are -------------an organisation will not enjoy the benefits of adopting market segmentation concept and the costs incurred in identifying segments will not be repaid.

4. If separate products and programmes are designed for different segments it is called -------------------------------------.

5. When a market is segmented and marketing resources are limited, the marketer may decide to pursue a ------------segment strategy.

6. When a single segment focus has reached the point of full market penetration and after a single-market segment successful, the marketer opts for ---------------------- marketing strategy.

7. A power supplier, the segments may include domestic users, government users, commercial establishments, factories, occasional users, etc. The power supplier would serve all the segments at the same time. This strategy is known as --------------strategy.

8. In the case of Mercedes, for a very long time it used a ---------------segment strategy to focus on luxury car market.

9. Niche strategy would avoid direct competition with ------------------------------who are pursuing bigger segments.

{Answers: 1. Priori, 2. Segments, 3. Targeted, 4. differentiated marketing, 5. Large, 6. Adhacent, 7. multi-segmentation, 8. Small, 9. larger firms.}

Unit Code	UNIT III: Segmentation, Targeting & Positioning			
Location	Classroom			
Duration				
	Session IV : Positioning :The Battle for the Mind			
	Learning Outcome	Knowledge Evaluation	Performance Evaluation	Teaching & Training Method
	1. Define the meaning of Positioning	1. Describe the meaning of Positioning	1. Elucidate the meaning of the word Positioning	1.Interactive Lecture: Discuss the concept of meaning of Positioning
	2. Identify the Positioning Process	2. Describe the Positioning Process	2. Describe the Positioning Process	2. Interactive Lecture: Discuss the Positioning Process
	3. Describe the bases of Positioning	3. Identify the bases of Positioning	3. Describe the bases of Positioning	3. Interactive Lecture: Explain the bases of

Positioning: the Battle for the Mind/ Need for positioning

After identifying segments and selecting which one (s) to address, the consumers and the business customers within the targeted segments must be offered relevant propositions that have direct relevance to their characteristics, needs, and buying behaviour. The concept of positioning was articulated by Al Ries and Jack Trout as early as 1972.[12] Positioning is about identity – what you are in the marketplace vis-a-vis your competitors. The positioning concept is the same as it was 40 years back but the world is different. Positioning is concerned about creating a perception in a consumer's mind about the nature of company and its products relative to competitors. It refers to developing a Unique Selling Proposition (USP) or identification of particular appeal that the firm can present to the customers in each target segment. It is now that marketing mix is designed to implement target market strategy and marketing communications convey the intended positioning.

Positioning Process

> 1. Identify relevant set of competitive products serving a target market

> 2. Identify the set of determinant attributes that define the "product space" in which positions of current offerings are located.

> 3. Collect information from a sample of customers and potential customers about perceptions of each product on the determinant attributes

4. Determine product's current location (positioning) in the product space and intensity thereof

5. Determine customers' most preferred combination of determinant attributes.

6. Examine the fit between preferences of market segments and current position of product (market positioning)

Identify positions where additional new products might be placed.

7. Write positioning statement or value proposition statement of value proposition to guide development and implementation of market strategy

Bases of Positioning

Positioning or differentiation can be done through Physical Positioning and Perceptual Positioning. Physical positioning is done on the basis of physical product characteristics. But every customer doesn't understand the features and buys the product on the basis of what it does rather than what it is. Thus all the products are not influenced by factors other than physical properties, including the way products are presented, past experiences with them,

and opinion of others. Endorsement by celebrities makes the differences. This all is known as perceptual positioning. A marketer has to create both physical and perceptual differences.

POSITIONING STATEMENTS
Straight ones:
☐ Google: "Google's mission statement is to organize the world's information and make it universally accessible and useful." ☐ Kraft: "Helping People around the World Eat and Live Better." ☐ McDonald's: "Be our customers' favourite place and way to eat."
Abstract ones:
☐ **Bose:** "Research, Technology, Performance."
☐ **Volkswagen:** "Drivers Wanted."

Positioning concerns arranging for a product or brand to occupy a clear, distinctive, and desirable place – relative to competitors' positioning in the minds of targeted consumers or business customers. Positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. Positioning involves establishing and controlling the desired image in the minds of targeted customers. It is necessary to give customers in the target market one or more good reasons to select your company rather than your rival. Thus, positioning comprises of both customer need and competitive considerations. The concept can be applied with same advantage to new products. It is equally applicable to industrial goods and for services like products. Some of the better known companies have positioned their products on the following bases:

1. Attributes – e-bay, "Buy it, Sell it. Love it."

2. Price/quality – Omega watches, "We measure the 100th second that separates winning from taking part." Acer's positioning is of the low cost producer.

3. Competitors – Walmart, "Save money. Live better."

4. Application – Health insurance companies, "Experience, Wellness. Everywhere."

5. Product User – Crane's stationery, "for the writer somewhere in each of us." Apple concentrated on the high end of the market.

6. Product class – BMW, the "ultimate driving machine."

7. Dreams – Honda Motorcycle & Scooter India (HMSI), a subsidiary of world's largest two-wheeler manufacturer, Japan's Honda Motor Corporation, doesn't sell speed or style. It dwells on the dreams and aspiration of everyday Indian and says your Honda two-wheeler will help you reach for your dreams. In that sense your two-wheeler is a purveyor of dreams, an enabler of sorts rather than a simple daily-commute tool. "Sachkardengesapne" in short.

8. Completeness – Raymond's "complete man".

9. First-mover – Compaq was the first brand to introduce a "portable" PC.

10. Distribution – Dell focussed on selling computers directly to businesses only.

11. Exclusivity - Toshiba focused only on laptop computer.

12. Waku WakuDokiDoki – A Japanese term which means the adrenaline rush and pleasure that stem from anticipation and thrill. Toyota for its Etios, Innova and Fortuner uses Waku Doki.

13. Health: Dhara Oil's - "Earlier our positioning was playing on purity and taste, but now it is also stressing on health - kiaapkhaiyen, health kichintadharapechhoddijiye (eat and leave your health concerns to us). Their assurance is that Dhara would marginalise the guilt of calorie intake and the customers need not kill taste buds."

14. ITC Dairy Products and Fruit Juices – They will be positioned on health platform.

15. Vistara Airlines - It will be the first airline to offer premium economy seating and a value-based frequent flyer programme, where bonus points would be given not on miles flown but what you pay. It is the only domestic airline offering premium economy class.

16. Personalisation: Ford India will inaugurate a vehicle personalisation centre at its factory near Chennai to give their automobiles that individuals look for. It is a value-added offering that addresses the quality issues for its customers who earlier had to depend on third party providers for accessories.

Different products create different kinds of positioning. Jeep's "There's Only One" position a clear leadership message. Honda's "The Power of Dreams" conveys the notion of innovation and technical prowess. Renault's message "CreateurD' Automobiles" builds on France's reputation for style. Tata Salt's message "Deshka Namak" conveys it is made in India by India and for India. BMW's "The Ultimate Driving Machine" positioning is effectively communicated through advertising and supported by ongoing product development and

customer support. Volvo has for many years positioned on safety features of its cars. Normally marketers want to avoid cannibalising sales of existing brands, unless new brands generate sufficient profits.

Positioning in India - A case of NANO: it is rectified?

In the Auto Expo 2012, Ratan Tata, the head of Tata Group, said we never pushed Nano as a poor man's car, "the cheapest car". We pushed it as an affordable all-weather family car. We have wasted an early opportunity." "The Indian consumer is an aspirational one, and even a two-wheeler owner looking to upgrade will not want a cheap car." "People started looking at Nano not as a low-cost innovation, but as a cheap car. This, among other factors, also hurt the chances." Nano currently falls in the ultra-low cost or the sub-A segment. Competing with bikes for attention may be even tougher job to do, even if it is an affordable upgrade. This would have probably worked in mature markets like Europe and the USA, where bikes are a luxury and an affordable car positioned on the price plank could work well. The concept of commuter bikes, is a very South Asian concept. Price as a strong positioning can't work in price-sensitive India. Experts point out that to make pricing as positioning element, first it has to occupy the high-price position. So playing with price is to play with fire.

Now it is repositioned as a "smart car". From engineering perspective, it is more refined and has a better steering wheel – a power steering. It has a better suspension for better ride quality and there is an anti-roll bar in front. It is coming in new vibrant colours, a modern music system with Bluetooth connectivity, and keyless entry. An additional layer has been added to the entire electrical system to prevent fire. Nano Twist's price takes it into the territory of Maruti Alto.

Knowledge Assessment- IV

Fill in the blanks with appropriate words

1. Existing market share and market homogeneity and current product expertise impact upon an organisation's assessment of ----------market attractiveness.

2. If targeted segment does not meet the needs of the marketer then he must raise the question – Have our targets changed in the last few years? Are we seeking the --------

targets we always went after?

3. Positioning is concerned about creating a perception in a consumer's --------about the nature of company and its products relative to competitors.

4. Identify relevant set of competitive products serving a target market comes at ----place in positioning process.

5. Positioning is what you do to the ----------of the prospect.

6. Physical positioning is done on the basis of product characteristics.

7. Endorsement by celebrities makes the ------------------and are known as perceptual positioning.

8. Companies have positioned their products on ----------bases

{Answers: 1. Target 2. Same 3. Mind 4. Top 5. Mind 6. Physical, 7. Differences 8. Different}

QUESTIONS

State, in brief, with reasoning, whether following statements are correct/incorrect:

(i)   One cannot be everything to everyone, but can be everything to a selected few.

(ii)   Targeting is the process of grouping of individuals with similar needs.

(iii)   A Rolls-Royce is not in competition with Maruti Alto.

(iv)   Segmentation is a battle of minds.

(v)   Some needs and wants change with age.

(vi)   Anyone in America is an American only.

(vii)   Religion influences consumption behaviour.

(viii) Since business market segments do not change, hence there is no need to re-segment frequently

(ix)   A company should not attempt to compete in all segments with the same product.

(x)   Targeting and positioning strategies are interrelated.

(xi)   One product or service may be different even when they appear to be identical.

(xii)   Segmentation is not important for a business.

{Answer – Correct (i), (iii), (v), (vii), (ix), (x, (xi); Incorrect: (ii), (iv), (vi), (xii)

        (iii) Correct, because the two are meant for different segments.

(ix) Incorrect. A company should recognise different segments and should develop appropriate products and services, and position and brand them accordingly.)

(xi) Correct. It is in the way, marketers position the product or service.

(xii) Incorrect. A few companies can be 'all things to all people'. Segmentation is important because it allows the firm to target its effort on the most promising opportunities.}

2. Choose the correct answer from the given alternatives:

(i) Which of the following products do not belong to the same kind of market?

    (A) Haldiram's bhujia and Bikanerwala's bundi

    (B) Hospital bed and tractor

    (C) Mechanised watch and Electronic watch

    (D) A cricket bat and a football

(ii) Consolidation of various segments into one large segment, may be an objective if

    (A) The reduction in costs is greater than the reduction in profits

    (B) It is very costly for a company to launch a new product

    (C) Consumers show reduced price sensitivity

    (D) The demand curves for the segments to be combined are similar

(iii) The basis of geodemographic segmentation is based upon

    (A) City size

    (B) State or Union territory

    (C) Population density

    (D) Classification of residential neighbourhood

(iv) Which of the following statements about using about usage segmentation is incorrect?

    (A) Heavy users normally exhibit more brand loyalty than light users

    (B) Heavy users pay the price equal to light users

    (C) for almost all consumer product categories, the top 50% users account for 80-90% of total sales

    (D) demographic characteristics are generally poor predictors of heavy usage.

(v) Which of the following characteristics do not match with benefit segmentation?

    (A) it is based upon measuring consumer value systems

(B)   it relies on descriptive factors

(C)   it seeks to identify distinct consumer needs

(D)   it relies on casual factors

(vi)   Which of the following criticisms of age as a segmentation variable is invalid?

(A)   Age is not a reliable predictor of lifestyle

(B)   Chronological age need not be synonymous with psychological age

(C)   the similarities in consumer wants for different age groups are usually greater than the differences

(D)   Age is not an accurate predictor of a person's spending habits

(vii)   Which one of the following statements does not form part of effective positioning strategy?

(A)   Choosing a price strategy

(B)   Determining target customers' needs

(C)   Determining what is value to the target customers

(D)   Developing products with numerous product differences compared with competing brands

(viii) Which of the following is not a useful construct for Positioning Strategy?

(A)   Positioning on the basis of product features

(B)   Positioning on the basis of benefits

(C)   Positioning for an undifferentiated market

(D)   Positioning for user category

(ix)   A Company's brand positioning relates to

(A)   the way consumers perceive it in comparison with competitors

(B)   the market share

(C)   its product features relative to other brands

(x)   It is inappropriate to reposition a brand –

(A)   if it begins to lose market share

(B)   on a frequent basis

(C)   consumers preferences change

(D)   the original positioning loses distinctiveness

{Answer: (i) B, (ii) A, (iiii) D, (iv) A, (v) B, (vi) C, (vii) D, (viii) C, (ix) A, (x) B.}

3.   Water comes in different forms like:

i) Tap water	Primary Needs	Secondary Needs
	Refreshment	Health
	Cleanliness	Low Cost
ii) Bottled Water	Health-giving properties	
	Fear of Tap water	
	Drink/Refreshment	

Select segments for bottled water segment.

{Answer: i) *Social Status, Health Conscious, ii) convenience, travellers*},

4.   Identify segments to market wine in India on the basis of geography, demographic, usage, Income, product related variables, industry-related variables:

{*Answer:*

Geography: North, South, Western, and Eastern regions; Rural, Urban, and Subarban

Demographic: Young/Old age groups; Male/female

Usage Occasional users, Usual users – with food, without food, mixing with aerated drinks, Light users, Medium users, heavy users, Connoisseur/Novice

Income: existing wealthy persons/Neorich

Product-related variables: Red/White/Rose; Dry/Medium/Sweet; Low/Average/High Alcohol; French/German/East Europe/India made; Bottle size

Idustry-related variables: Managed 'on trade'- Pubs, restaurants, hotels, farmhouses, leisure centres; 'Off Trade' – Super Markets: Major/Minor}

5.   Identify the segmentation variables for the following products:

(i)   Orange flavoured infant toothpaste.

(ii)   Herb-based 'natural toothpaste.

(iii)   Mint-flavoured dental floss.

(iv)   Listerine mouth wash.

(v)   Car (DU 2012)

(vi)   Mobile phones

(vii)   Air Travel

(viii)   Milk, butter, cheese, and ghee

(ix)   Car loan

(x)   Shoes (DU 2012)

(xi)   New Model of Maruti Suzuki SWIFT

(xii)   iphone 4

(xiii)   Magazine

(xiv)   Scorpio car

{Answer:

(i)   Orange flavoured infant toothpaste: age – toddlers and young children.

(ii)   Herb-based 'natural toothpaste: Psychographics – environmentally aware, health-conscious consumers.

(iii)   Mint-flavoured dental floss: Age and Psychographics – young adults and health conscious

(iv)   Listerine mouth wash: Age – young adults eating garlic preparations, Old people taking garlic to control cholesterol.

(v)   Income: Upper lower, middle, and High income groups. Use: Entry level, second car, and subsequent cars. Small cars and big cars.Functional utility takers and possession lovers.

(vi)   Occupation: Students, lower class daily employed, hawkers, traders, executives, and CEOs.
         Income: Pocket money receivers, low income earners, middle income earners and high income earners.
         Use: Only receiving, night talking, long duration talking, use moderately, use moderately but a status symbol, Status symbol and high talkers and receivers.

(vii)   Air Travel: Class- Economy, First and Business. Facilities – No frill and Total benefits. Use: Non-frequent Flyers and Frequent Flyers.

(viii)   Milk: Industry-based market segmentation: Ice cream manufacturers, Restaurants/Food chains, Coffee shop chains, Tea stalls. Butter, Cheese, and Ghee: Bakery and Confectioners, Pizza Retailers, Snack Retailers.

(xiii) Age: children, teenagers, adults, senior citizens

Sex: Men's, Women's

Lifestyle: Modern, traditional, humorous/satirical, careerists, reformers

Hobbies/Interests: Sports, cars, computers etc

(xiv) Geographic: City size, Urban and suburban

Psychographic: Life style, Status seeker, personality, aggressive and Extrovert

Behavioural: Benefits- Quality and prestige}

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6. Suggest Positioning for the following products:

(i) Aakash Tablet PC in Price range within Rs. 3,0

(ii) LED TVs

7. Godrej Group in its television commercials that once featured young couples with children, now have young couples minus the children. What kind of repositioning company wants to take?

{Answer: To send a message that it's an 'even younger' audience being targeted with its products.}

8. Distinguish between/among the following

(i) Segmentation, Targeting, and Positioning

(ii) Mass segmentation and niche segmentation

(iii) Demographic segmentation and Psychographic segmentation

9. Write short notes on the following

(i) Behavioural Segmentation

(ii) Bases of Positioning

10. What is meant by Segmentation and why is it undertaken by marketers?

11. What are the bases of market segmentation? Explain with the help of suitable examples.

12. What is meant by Target market selection?

13. What is positioning? How it is done? What are the bases of product positioning?

14. Explain the three steps in target market selection – market segmentation, market targeting and product positioning with suitable examples.

15. If you happen to be marketing manager in Gujarat Milk Federation, a producer of number of milk products, where will you put your products in the following Consumer Segments comprising Kids, Women, Youth, Calorie Conscious, Health Conscious?

{Answer:

Kids: AmulKool, Chocolate Milk; NutramulEnery Drink, AmulKool Milk.

Women: AmulCalci f.

Youth: Utterly Delicious Pizza, Amul Pizza Cheese, Amul Cheese Spread.

Calorie Conscious: Amul lite, Sugar skimmed Milk powder, Amul Lite Slim & Trim Milk.

Health Conscious: Nutramul, Amul Shakti Health Food Drink.}

16. What is the customer segment Big Bazaar targets at?
{Answer: Higher & upper middle class segments; young working population; and Working women and home makers.}

17. When Kurkure was launched in 1999, the tagline was -"Kya Kare in contol nahin hota"; in 2003 the tagline was – "Masti bole to kurkure"; in 2008 it was - "Tedha Hai Par Mera Hai"; and in 2012 it is – "Seedhatohsadhahota , isliyeKurkure kehta hai try tedhayaar".
What positioning do taglines indicate?

{Answer: 1999: Irresistable taste; 2003 : fun positioning and tried to include the entire family in the conversation; 2008: young confident Indian consumers are no longer striving to be perfect in everything but are comfortable about their imperfections and quirks; and 2012: taking the idea a step further to resonate with a large consumer base.}

18. Select two segments to which Olive Oil can be sold.
{Answer: Premium Consumers who are health conscious and the new parents who rub olive oil on their new born babies.}

19. Make a segmentation of the Exercise Industry, Chewing Gum Industry

{Answer: To lose weight; To maintain a healthy body; To build muscle mass; To prevent counter a medical problem; For enjoyment; and To meet people.

Chewing Gum Industry: Those who want to quit smoking, People who get calmed; People to who like its taste**}**

20. (i) Identify any market segment among grandparents.

(ii) What types of products are best suited to grandparents seeking to buy gifts for their grand children?

(iii) What types of brands are well known to grandparents? Do you believe that they are more or less likely to be loyal to those bands?

21. What factors govern the attractiveness of a segment?

{Answer: Segment size, current and potential competition, segment growth, capabilities of the business, profitability of the segment**}**

22. How can we keep tabs on our competitors?

{Answer: We just have to concentrate on our closest competitors and try to ensure that we maintain some differential advantage over them.}

23. ACTIVITY QUESTION

Go to your colony market and find how many atta brands are available? Which brand is targeting which segment of market and why?

24. Differentiate between segmentation in rudimentary and smart segmentation.

25. How to segment Exercise Industry?

23. Determine market segmentation for synthetic detergents from the product and customer point of view.

24. Make a segmentation of Indian Restaurant business from the perspective of format.

25. Prepare a benefit segmentation for a Railroad company.

26. Asian Paints positioned in 1991 as 'MeraWala'. In 1992, it was 'KhushionKeRang'and 'Jo Shade Apcolite Mein Nahin, WohShayadKahinNahin'. Asian Paints used a comic route, skewing away from the previous capaign's emotional stance and brought to life a Mr Sunil Baby campaign, whose home's

exterior wall pain lasted longer than his lifetime. In 2012, it showed two brothers trying to teach each other the right tricks of painting a house. In 2013, the campaign begins with 'HarGharKuchhKehtaHai'. What do the changing colours say about the positioning.

27. Segment the market for SIM (the acronym for Subscriber Identification Module).

    {Answer: Sim can have segments like Standard, Micro and Nano. Preloaded and Post-loaded. 16 KB, 32 KB, and 64 KB. Applets pre-installed and delivered over the air**}**.

28. According to a recent report by Technopak Advisors, a strategic advisory firm, the Indian quick-service restaurant (QSR) market, as this fast food category is known, is valued at $1.1 billion (R6,890 crore) and is expected to grow by 21% annually to touch $4.2 billion (Rs. 25,843 crore) in 2020. Why Quick restaurant business is an established category in India?

29. Nissan Motors India is launching its Datsun brand to take on Maruti Suzuki's Alto and Hyundai's Eon and begun a road show in 100 places spread over 10 weeks that aims to reach out to a million people.

    Will you call its strategy as Mass Marketing or Niche marketing?

30. Name the three segments on the basis of compactness. Also mention the top three models per segment.

31. If you happen to be a marketing manager of a newly registered pharma company, suggest the market segment for whom to produce.

32. What is the normal segmentation used in auto category? What will be future basis of segmentation?

33. Make segments for eating outside:

34. Online babycare market comprises of which segments?

35. What is the biggest problem of Frozen Food Segment?

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Knowledge Assessment- IV

Fill in the blanks with appropriate words

9. Existing market share and market homogeneity and current product expertise impact upon an organisation's assessment of ----------market attractiveness.

10. If targeted segment does not meet the needs of the marketer then he must raise the question – Have our targets changed in the last few years? Are we seeking the -------- targets we always went after?

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15. Endorsement by celebrities makes the ------------------and are known as perceptual positioning.

16. Companies have positioned their products on ----------bases

{Answers: 1. Target 2. Same 3. Mind 4. Top 5. Mind 6. Physical, 7. Differences 8. Different}

UNIT - IV FUNDAMENTALS OF MARKETING MIX

Unit Code	UNIT TITLE: Fundamentals of Marketing Mix			Marks: 12
Location: Class Room				
	Learning Outcome	**Knowledge Evaluation**	**Performance Evaluation**	**Teaching & Training Method**
	Session I: Concept, importance of Marketing Mix			
	1. Introduction and Characteristics of Marketing Mix 2. Features of Marketing mix 3. Developing Marketing Mix 4. Importance of Marketing Mix	1. Understand concept and characteristics of marketing mix. 2. Identify the features of marketing mix 3.Steps in developing marketing 4.Significance of marketing mix	1. Identify different marketing mix of products/services 2. Specify steps in developing marketing mix.	**Interactive Lecture:** Discussing the concept and importance of marketing mix **Activity:** Visit different organisations and find the stages involved in developing marketing mix

UNIT TITLE: Fundamentals of Marketing Mix

Learning Objectives

After reading this unit, students will be able to:

- Explain the meaning, characteristics and features of marketing mix.
- Understand the stages in developing marketing mix
- Learn the importance of marketing mix
- Explain the meaning of certain keywords

Concept of Marketing Mix

Marketing is the process of identifying, anticipating, and satisfying customers' requirements with the purpose of making profits. This process involves the marketing managers and representatives take various marketing decisions to make the operations profitable. They are required to identify suitable combination of marketing policies and procedures so as to adopt and bring about desired behaviour of trade and consumers at minimum cost. They have to decide how elements of marketing, advertising, personal selling, pricing, packaging, channels, warehousing etc. be combined to make marketing operations profitable. More specifically, they have to decide a marketing mix - a decision making method in relation with the product, price, promotion, and distribution.

The term Marketing Mix was introduced by Neil H. Borden in his article - "The Concept of Marketing Mix". In this study he described the business executive as a "decider," an "artist" - a "mixer of ingredients," who sometimes follows a recipe prepared by others or prepares his own

recipe or adapts a recipe to the ingredients immediately available, and sometimes experiments with or invents ingredients no one else has tried.

Definitions of Marketing Mix

According to Philip Kotler, " Marketing mix is the combination of four elements called the 4P's-Product, Price, Promotion and Place that every company has the option of adding, subtracting or modifying in order to create a desired marketing strategy".

According to Kotler and Armstrong, "Marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market".

According to W. J. Stanton, "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system: the product, the price structure, the promotional activities and the distribution system"

CHARACTERISTICS OF MARKETING MIX:

1. Marketing mix is the core of marketing process:
Marketing mix involves important decisions relating to each element of the mix. The impact of the mix is best when proper weightage is allotted to each element and they are combined for attaining best results.

2. Marketing mix has to be reviewed constantly in order to meet the changing requirements:

The marketing manager has to constantly review the mix and the market scenario and make necessary changes in the marketing mix according to changes in the conditions and complexity of the market.

3. Changes in external environment facilitate alterations in the mix:

Changes keep on taking place in the external environment. For many industries, the customer is the most fluctuating variable of environment. Customers' tastes and preferences change very fast. Brand loyalty and purchasing power also change over a period. The marketing manager has to carry out market analysis constantly to make necessary changes in the marketing mix.

4. Changes taking place within the firm also necessitate changes in marketing mix:

Changes within the firm may take place due to technology or product line or in the size and scale of operation. All such changes call for corresponding changes in the marketing mix.

5. Applicable to business and non-business organization:

Marketing mix is applicable not only to business organizations but also to non-business organizations, such as clubs and educational institutions. For example, an educational institution is expected to provide the right course (product), charge the right fee (price), promote the institution and the courses, and provide the course at the right place.

6. Helps to achieve organizational goals:

An application of an appropriate marketing mix helps to achieve organizational goals like increased profits and market share.

7. Concentrates on customers:

A clear focus point of marketing mix is the customer, and the marketing mix is expected to provide maximum customer satisfaction

FEATURES OF MARKETING MIX

1. Interdependent variables

The marketing mix is made up of four unique variables product, price, place and promotion. These four variables are interdependent and need to be aligned.

2. Help Achieve Marketing Targets

The company aims to achieve its marketing targets such as sales, profits, customer retention and satisfaction through the use of these variables.

3. Flexible Concept

The marketing mix is a dynamic concept and the focus on any one variable may be either increased or decreased on the basis of existing marketing conditions and customer requirements.

4. Constant Monitoring

It is necessary to keep continuous watch on the changing trends and requirements, within the company as well as in the market to ensure that the marketing mix elements stay relevant and useful.

5. Customer as a focal point

The customer is the focal point of all marketing activity. The value of the product is determined by customer perception and the goal is to achieve a satisfied and loyal customer.

DEVELOPING A MARKETING MIX

Intuition and creative thinking are key requirements for a marketing manager. But relying only on these qualities is incorrect and can lead to inaccurate assumptions that may not provide the desired results. To ensure that marketing mix is based on research and combines facts with innovation, a manager should go through the following process:

Step 1

The first step on the marketing manager's list is to define the unique feature, the product offers, the customer surveys or focus groups and identify the importance of unique feature to consumers and whether they can increase the sales of the product.

Step 2

The second step is to understand the consumer that would purchase the product, what they need, what value they associate. All the other elements of the marketing mix will be designed in accordance with the customer. This understanding will enable the product offered be relevant and targeted.

Step 3

The next step is to understand the competition. The prices and related benefits such as discounts, warranties and special offers need to be assessed. An understanding of the subjective value of the product and a comparison with its actual manufacturing distribution cost will help set an ideal price point.

Step 4

At this point the marketing manager needs to evaluate the options of place to understand where the customer is most likely to make a purchase and the costs associated with using this channel. Multiple channels may help target a wider customer base and ensure easy access. A product which serves a niche market would concentrate distribution to a specific area or channel; hence value of the product is closely related with availability of the product.

Step 5

Based on the target audience and the price identified the communication strategy can be developed. The promotional methods need to appeal to the customers and ensure that the key features and benefits of the product are clearly communicated and understood.

Step 6

A last step needs to be taken at this point to see how all the elements identified and planned relate to each other. All marketing mix variables are interdependent and rely on each other for a strong strategy. It has to be seen whether the selling channels strengthen the perceived value of the product or the promotional material supports the selected distribution channels.

The marketing plan is finalized after ensuring that all four elements are in harmony and there are no conflicting messages, either direct indirect.

IMPORTANCE OF MARKETING MIX

Marketing Approach

It contributes towards the formation of an effective marketing strategy and its practical implementation. Integrates the essentials of effective marketing, marketing and allows to analyse and asses the feasibility and role of the product or service that the organization offers. Identifies appropriate distribution channel for the proper placement of the product, sets a suitable price for the value that is offered to the consumers and identifies and employs suitable promotional media. It provides the organization with an all-inclusive and holistic marketing approach and gives direction.

Value Creation

Marketing mix guides in identifying and assessing the diverse aspects of the products or services in relation to their importance and utility to customers and their preferences. Furthermore, it also provides direction for the selection of a suitable distribution channel, where the target consumer is more likely to look around for offered services or products. The platform may range from being a retail store to an online shop.

Marketing mix also includes directives for the allocation of a suitable price, which confers with priorities and limitations of the target consumers. It helps to promote and advertise the products and services effectively, so as to effectively deliver value to consumers.

Activity 1
Identify of 5 products to depict the concept of marketing mix by listing their products and prices.

Knowledge Assessment 1

State whether the statements are true/false

1. The process of marketing mix involves the marketing managers take various marketing decisions to make the operations profitable.

2. People are one of the components of 4P's of marketing mix.

3. Marketing mix helps the organization in achieving their goals.

4. Marketing mix has to be reviewed constantly in order to meet the changing requirements

5. Marketing mix is applicable to only non-business organization

6. Four P's of marketing mix are independent of each other.

7. The customer is the focal point of all marketing activity.

8. Multiple channels may help target a wider customer base and ensure easy access.

9. The marketing plan is finalized after ensuring that all four elements of marketing mix are in harmony.

10. Marketing mix is static.

Answers 1(T), 2. (F), 3. (T), 4. (T), 5. (F), 6. (F), 7. (T), 8. (T), 9. (T), 10. (F).

Session II: Marketing mix components – Service Sector and Consumer Goods			
Learning Outcome	**Knowledge Evaluation**	**Performance Evaluation**	**Teaching & Training Method**
5. Types of Marketing mix	1. Identify the various types of marketing mix.	1. Identify marketing mix of products/services	**Interactive Lecture:** Discussing the marketing mix components of service and consumer goods
6. Marketing mix for Consumer goods	2. Marketing mix for consumer goods- 4P's and 4 C's models	2. Specify 4P's for consumer goods	**Activity:** Prepare a list of 4P's and 7P's of prominent organizations
7. Marketing mix for Services	3.Marketing Mix for Services 7P,s	3. List the 7P,s for services	

TYPES OF MARKETING MIX

The Marketing Mix is a tool used by marketing professionals. It is often crucial when determining product or brand's offering, and it is also called as 4P's (Product, Price, Promotion, and Place) of marketing. However, in case of services the 4 P's have been expanded to 7P's or 8P's.

In recent times by giving more importance to customer a new concept has been introduced, i.e. Concept of 4C's. The Concept of 4C's is more customer-driven with a replacement of 4P's. According to Lauterborn's the 4C's are - Consumer, Cost, Communication, and Convenience. According to Shimizu's the 4C's are -Commodity, Cost, Communication, and Channel

Marketing mix is mainly of two types.

1) **Product marketing mix** – It comprises of Product, price, place and promotions and is mainly used in case of tangible goods.

2) **Service marketing mix** – The service marketing mix has three more variables included which are people, physical evidence and process.

.4P'S - PRODUCER-ORIENTED MODEL OF MARKETING MIX

Product - A product is an item that is built or produced to satisfy the needs of a certain group of people. Product can be tangible good or intangible service. It is defined as anything that can be offered to a market to satisfy a want. It not only includes physical objects and services but also the supporting services like packaging, installation, after sales services etc.

They can be categorized on the basis of

1. Usage

(a) Consumer Goods: They are meant for personal consumption by the households or the final consumers like soaps, biscuits or books

(b) Industrial Goods: They are meant for consumption or use as inputs in production of other products or provision of some service for example nuts and bolts, machinery etc

2. Durability

(a) Durable goods: Durable goods are products which are used for a long period i.e., for months or years together like mobile handsets, pressure cookers etc

(b) Non-durable goods: Non-durable goods are products that are normally consumed in one go or last for a few uses.

3. Tangibility:

(a) Tangible goods: They have a physical form and can be touched and seen.

(b) Intangible goods: Intangible goods refer to services provided to the individual consumers or to the organisational buyers

One must have the right type of product that is in demand for the market. Hence during product development phase, a marketer must undertake an extensive research on the life cycle of the product that they are creating.

Every product has a life cycle that includes the growth phase, the maturity phase, and the sales decline phase. It is important for marketers to constantly reinvent their products to increase

demand once it reaches the sales decline phase.Marketers must therefore, create the right product mix.

Ariel a high quality product popularized as a detergent that has enzymes for the removal of stain without hampering the clothes. Ariel has been able to meet this demand of the industry by introducing new and excellent products in the market at regular intervals. The company has also re launched their own products with various innovations in order to keep pace with the changing times. With its unique ingredients, Ariel assures its consumers of impeccable cleaning of clothes. The various products of this brand are:

- Ariel 3 in 1 Pods to work together in three capacities for lifting stains, cleaning and brightening the garments.
- Ariel Washing Liquid for doing the laundry and pre-treating the stains in one wash.
- Ariel Excel Washing Gel for excellent cleaning at low temperatures.
- Ariel washing powder for whites as well as coloured clothes and for direct cleaning in the washing machine.
- Ariel Washing Tablets for convenient and easy washing of garments.
- Ariel Super Soaker.

Activity 2

Prepare a list of 5 products in each of the of the categories on the basis of (i) Usage, (ii) Durability (iii) Tangibility.

Price - The price of the product is basically the amount that a customer pays for consuming it. Price is a very important component of the marketing mix definition. It is crucial in determining the organization's profit and survival. Changes in price affect the demand and sales of the product.

Pricing helps to shape the perception of a product in consumer's eyes as a low price is associated with inferior goods. While too high prices might make them value their money over the product. Hence, examining competitor's pricing while deciding prices becomes important. A new company which has not made a name for itself yet, is unlikely to have a target market which is willing to pay a high price. They might be able to charge higher prices once the product is acceptable in the markets.

When setting the product price, marketers should consider the perceived value that the product offers. Major pricing strategies followed are:

- Market Penetration Pricing: The objective of penetration price strategy is to gain a foothold in a highly competitive market. The firm prices its product lower than the others in competition to achieve an early breakeven point and to maximise profits in a shorter time span or seek profits from a niche.
- Market Skimming Pricing: Most commonly used strategy and refers to a firm's desire to skim the market by selling at a premium price.
- Differential Pricing: It involves in a firm differentiate its price across different market segments.
- Geographic Pricing: It seeks to exploit economies of scale by pricing the product below the competitor's in one market and adopting a penetration strategy in another.

- Product Line: These are a set of strategies which a multi-product forms usually adopt.

Sunfeast biscuits from ITC uses varied pricing policies. Some of the products are premium products while the other products are the regular ones. Hence it has been decided to keep the pricing policy variable as well as competitive. Discounts and other sales promotion schemes on high priced items like Sunfeast dark fantasy bring the prices down. Cost plus pricing is used for products like Sunfeast glucose and various other biscuits.

Promotion - Promotion represents the different methods of communication that are used by marketer to inform target audience about the product. It is an essential component of marketing as it can boost brand recognition and sales. Promotion is comprised of various elements like:

- Advertising
- Sales Promotion
- Personal Selling

- Public Relations

- Advertising typically covers communication methods that are paid for like television advertisements, radio commercials, print media, and internet advertisements. In contemporary times, there seems to be a shift in focus from offline to the online world.
- Sales Promotion comprises of tools used to promote sales in a given territory and time. They are short term in nature and aim at stimulating quick sales. Advertising aims at creating awareness and also provides a rationale to buy a product; sales promotion induces him/her to buy the products. They include discount coupons, price offs, prizes, lucky draws, free trials etc.
- Personal Selling is a direct display of the product to the consumers or prospective buyers. It refers to the use of salespersons to persuade the buyers to act favourably and buy the product.
- Public relations, on the other hand, are communications that are typically not paid for. This includes press releases, exhibitions, sponsorship deals, seminars, conferences, and events.
- Word of mouth is an informal communication about the benefits of the product by satisfied customers and ordinary individuals. Word of mouth can also circulate on the internet. When effectively used it has the potential to be one of the most valuable assets we have in boosting the profits online. An extremely good example of this is online social media and managing a firm's online social media presence.

In the year 2003, ITC stepped in the manufacturing of biscuits and introduced the 'Sunfeast' range that at first dealt with biscuits and later on with other food items also. In order to make its brand a household name it has launched exciting and innovative campaigns that denote the various qualities of its products like the flavour and exclusive taste. To promote its range of food products, famous actors and sports personalities were signed. Sachin Tendulkar, the cricket icon, Shahrukh Khan, the superstar, SaniaMirza, the tennis star have all been the brand ambassador's

at one time or other. Television, magazines, newspapers have proved to be an effective and influential medium for advertisements as they are able to spread awareness among every age group of people. The slogan 'Spread the Smile' has become the essence of the brand and the catchy and colourful advertisements have helped the company in acquiring a large share of the market.

Knowledge Assessment 2

Which element of the promotion mix is being referred to in the following statements?

(a) A short term incentive to encourage trial or purchase of a new product.

(b) It does not cost money but may involve huge amount of time and effort by the marketeer

(c) It is an informal communication about the benefits of the product by satisfied customers and ordinary individuals

(d) The tools include Press Conference, publications and news.

(e) It is a paid form of non-personal communication by an identified sponsor.

(f) It is done through popular audio visual and print media

(g) A direct display of the product to the consumers or prospective buyers.

Answers: (a) Sales Promotion (b) Public Relations (c) Word of Mouth (d) Public Relations (e) Advertising (f) Advertising (g) Personal Selling

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Place - Place or distribution refers to making the product available for customers at convenient and accessible places. We have to position and distribute the product in a place that is accessible to potential buyers. This comes with a complete knowledge of the target market. Understanding them inside out will help discover the most efficient positioning and also increase the market share. Reaching out to the market can be through planning distribution structure and

logistics. The distribution structure refers to the channel design and structure, and management of channels while logistics refers to the physical aspect of distribution. The distribution can be carried out through the channel members and they would comprise of manufacturer, distributor, wholesaler/dealer and retailer. The increase in length of the distribution channel increases the distance between the customer and manufacturer.

Organizations can employ distribution alternatives on the basis of their products and they, include:

- Intensive distribution: It involves making the product available at all possible outlets, example of soft drinks which are available through multiple outlets to ensure easy availability to the customer.
- Exclusive distribution: The firm decides to distribute through one or two major outlets, example of designer wear or high priced automobiles.
- Selective distribution: This is the middle path approach to distribution as the firm selects some outlets to distribute its products thereby enabling the manufacturer gain optimum market coverage and more control.


Maggi employs intensive distribution. Its channel partners include distributors, retailers and consumers. Nestle follows a twofold path for distribution. In the first, the product is available to

every local store and the second where the stock is made available in every mall and shopping centers.

4C'S - CONSUMER-ORIENTED MODEL OF MARKETING MIX

In the recent times, the customer has gained importance and the concept of 4C'shas been seen as an extension of 4P's. According Lauterborn, the 4C's are consumer, cost, communication and convenience.
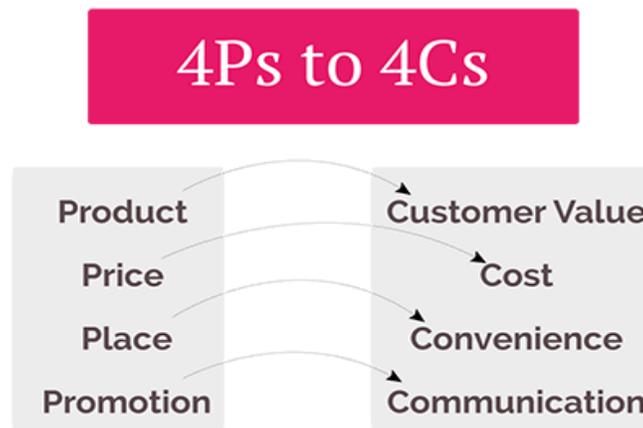
Consumer - In this model the Product is replaced by Consumer. Marketers focus more on the needs, wants and demands of consumer. The product is designed and produced considering the requirements of consumer.

Cost - Price is replaced by Cost. The cost refers to the total cost of owning a product. It includes cost to use the product, cost to change the product, and cost of not choosing the competitor's product.

Communication - Promotion is replaced by Communication. According to Lauterborn promotion is manipulative while communication is cooperative. Communication includes advertising, public relation, personal selling, and any method that can be used to encourage proper, timely, and accurate communication between marketer and consumer.

Convenience - Place is replaced by Convenience. It focuses on the convenience in getting product information, convenience in reaching to the store/product, and ease of buying.

Marketing Mix for Service Sector

An expanded marketing mix for services was proposed by Booms and Bitner (1981), consisting of the 4 traditional elements–product, price, place, and promotion and three additional elements–physical evidence, participants, and process. These additional elements go beyond the conventional 4Ps and distinguish 'customer service' for service firms from that of manufacturing firms.

7 PS OF THE SERVICE MARKETING MIX

The customer service for a service firm cannot be distinctly divided into pre-purchase and post-purchase elements, because production and consumption of a service takes place at the same time. The service provided can prove to be effective in terms of satisfying the customer, only if the gap between which is expected service and offered service is decreased. More the wider gap more the number of disappointed customers; and disappointed customers may result in lowering that company's image. Hence understanding the 7P's of services mix becomes important.

1. Product

Most of the services are not visible because they are performances rather than objects, specific manufacturing procession concerning uniform quality can rarely be set. Because of this intangibility, the firm may find it difficult to understand how consumers perceive their services. To develop a good customer service, the service marketer should focus on tangible cues and also create a strong organisational image. This can be done by communicating clearly to the customers the features of the service being provided.

ICICI Bank provides a variety of banking products for all its customers. The major product of ICICI bank is its excellent customer service. The bank is known for its 12 hours operation and for its out of the box customer service initiatives. It has equal focus on retail customers as well as customers belonging to the corporate world. Their banking products include:

- **Consumer Banking** – It includes a number of deposits like Saving account, Recurring account, Fixed deposit account, special accounts for senior citizens and also teenagers.

- **Cards** – These cards include Credit card, Travel card and Debit cards.

- **Investment banking** – Various options like Tax Saving Bonds, Mutual Funds, Foreign Exchange Services and Pure Gold Investments are provided.

- **Loans** – This include Personal Loans, Medical Equipment loans, Farm Equipment Loans, Vehicle Loans and Loans against Securities.

- **Finance –** Channel Finance is one of the strong products which ICICI bank has in its kitty. Plus, there are numerous forms of Finance provided by the bank.
- **Corporate Banking**
- **Insurance –** ICICI bank is known for its large portfolio of Insurance options.
- **Wealth Management**
- **Private Banking**

2. Price

Due to the intangible nature of the service–price becomes an important quality indicator in conditions where other information is unavailable. It is essential that the service firm provide competitive pricing, thereby get an edge over competitors. In the case of services, like medical or legal services, price is the deciding factor because the customer makes a final choice among several competing service organizations on the basis of price at which the service is offered.

The pricing objective at Big Bazaar is to get "Maximum Market Share". Pricing at Big Bazaar is based on the following techniques:

- Value Pricing (EDLP – Every Day Low Pricing): Big Bazaar promises consumers the lowest available price without coupon clipping, waiting for discount promotions, or comparison shopping.
- Promotional Pricing: The concept of psychological discounting (Rs.99, Rs.49, etc.) is used to attract customers. Big Bazaar also caters on Special Event Pricing (Close to Diwali, GudiPadva and DurgaPooja).

- Differentiated pricing i.e. difference in rate based on peak and non-peak hours or days of shopping is also a pricing technique used in Indian retail, which is aggressively used by Big Bazaar. Eg. Wednesday Bazaar.
- Bundling: it refers to selling combo-packs and offering discount to customers. The combo-packs add value to customer and lead to increased sales. Big Bazaar lays a lot of importance on bundling. E.g. 3 Good Day family pack at Rs.60 (Price of 1 pack = Rs.22) 5kg oil + 5kg rice + kg sugar for Rs.599

3. Place

Services are performances which cannot be stored; hence businesses offering services find it difficult to balance between the supply and demand. A service firm must make simultaneous adjustments in demand and capacity to achieve a closer match between the two. The firm could choose to use multisite locations to make the service more reachable to the users as a service regardless of the numerous advantages might not be selected if it is focused in far off places.

Domino's pizza has always maintained a direct channel with its customer base. The customers either call or send a message by telephone for the pizza delivery. Consumers can also place their order online through the official website of Dominos. In both the cases, the packaged food product is delivered and subsequently received by the buyer at

the mentioned address. If the order does not reach the buyer in allotted thirty minutes, then the buyer does not have to pay for it. The order is delivered free of charge. Dominos also has many dine out outlets in very good locations.

4. Promotion

The service marketer should constantly work towards developing word-of-mouth communications apart from using the regular advertising. In case the company's image in existing markets does not match with reality, traditional marketing techniques may be used to communicate affectively the real image. Communication involves informing the customers in a language they can best understand, especially in the case of services, post-purchase communication is very important, because retaining existing customers is as important, or even more important than attracting new customers.

Vodafone one of the world's greatest telecommunication brands frequently uses local recognition to reach and maintain trust of its local customers. To help promote its global appeal and to communicate its brand value, the telecommunication giant often uses popular sports stars like Mary Kom, David Beckham, Michael Schumacher and others.It also advertises its brand value and offers through billboards, TV commercials and other social media outlets in order to reach a large number of people. The most famous move by Vodafone worldwide was the use of Vodafone zoo zoos in India during the Indian

premier league(IPL). Vodafone zoo zoos are the most famous brand ambassadors for them and are recognized by one and all over the world. In addition, the company sends frequent press releases to keep their customers informed of new products and offers.

5. Physical Evidence

Physical evidence, like the environmental surroundings greatly affect the customer's expectations of the service. As services cannot be readily displayed, a conducive environment should be created so as to help the customers develop a positive opinion of the service. People would not like to wait if the surroundings of the place they are made to wait are unpleasant. Customers can be turned off by small changes in the design of the service facility or even the absence of clear signboards.

The leading coffee chain across the world, Café coffee day has several products which appeal to the Indian audience, the organization uses various elements of evidence:

Logo, images, brand: Café Coffee Day uses bright red in its logo. RED stands for leadership, vitality, passion for coffee. The current logo has a dialogue box and concentrates on coffee and conversations. Their current tag line "A lot can happen over coffee" supporting the same.

Architecture and Décor: Largely wood and granite based interior with young colours of today, like limegreen, yellow, orange, and purple predominate.

Literature: The literature provided by Café Coffee Day is indicative of its youthful image. Themenus, posters, pamphlets are all designed to attract young and young at heart.

6. People

Most of the services are labour intensive; the behaviour of the staff providing the service and the customers involved in production (due to the inseparable nature of services), have an effect on providing efficient customer service. In order to focus on customer-oriented approach, the organization needs to hire the right people and train them to enhance their skills and reward them with adequate pay. There is a mutual dependence between the customers and employees.   Dissatisfied customers affect employees and similarly untrained staff reduce customer satisfaction.   This mutual dependence influences the customer's perception of the service.
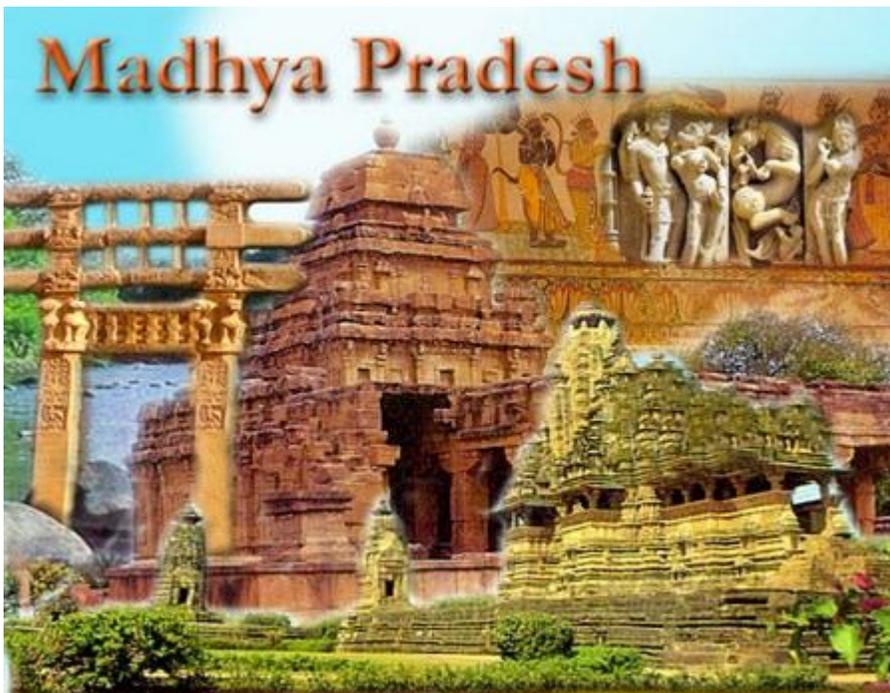
The people in Madhya Pradesh tourism consists of Tour operators, Tourist transport operators, Hotel staff, Tourist guides as well as the main operations staff. Madhya Pradesh tourism board also has amazing ways of rewarding employees through awards such as

Tourism friendly forester (Whoever maintains forests)

Tourism friendly archeologist (Taking care of heritage)

Most frequent tourist visiting MP (Encouraging government to take part)

Thus employing its people flawlessly.

7. Process

The quality, or the 'how' of service delivery is more important in the case of service industries, as it is difficult to separate the technical quality, or the 'what' of service delivery. The past experience with a service also affects the expectations of the customer as in case a customer has a bad experience with the service on any previous occasion, it will influence his or her future perception of the service. Therefore, it is essential to train the front line employees, whose actions and behaviour influence the customer's opinions of the organisation and the actual service provided.

The process at Apollo Hospitals, one of the premium hospital chains in India involves very established procedures and documentation. It has been a major player in scripting the medical landscape of the nation. This is primarily because the group has

continuously been at the helm of several game changing innovations in Indian healthcare. Apollo hospitals in NABH, NABL accrediated and also has ISO 9002 award.

The service which a customer actually gets and how he sees it may not always match, hence the customers evaluation of a service is an important factor on the delivery of the service. Controlling the service marketing mix variables will enable the marketers shape the perceptions of customer. Hence, organizations concentrating on employees and customers might increase both employee motivation and customer satisfaction.

KNOWLEDGE ASSESSMENT 3

1   The marketing mix consists of; -
      (a)   Product, physical evidence, place, process
      (b)   Process, price, place, packaging
      (c)   People, process, place, promotion
      (d)   Product, place, promotion, place

2   Increasing the features and quality you offer is a decision made by which marketing mix?
      (a)   Product
      (b)   Price
      (c)   Promotion
      (d)   Place

3   Design is a _____ decision
      (a)   Product
      (b)   Price
      (c)   Promotion
      (d)   Place

4   Giving retailer an incentive to sell your product/service is the responsibility of which marketing mix?
      (a)   Product
      (b)   Price
      (c)   Promotion
      (d)   Place

5   Public Relations is managed by which marketing mix?
        (a)   Product
        (b)   Price
        (c)   Promotion
        (d)   Place

6   Branding is a _____ decision
         (a)   Product
         (b)   Price
         (c)   Promotion
         (d)   Place

7   Which one of the 4Ps is responsible for direct mail?
        (a)   Product
        (b)   Price
        (c)   Promotion
        (d)   Place

8   The term "marketing mix" describes:
        (a)   A composite analysis of all environmental factors inside and outside the fir
        (b)   A series of business decisions that aid in selling a product
        (c)   The relationship between a firm's marketing strengths and its business weaknesses
        (d)   A blending of four strategic elements to satisfy specific target markets

9   Newsletters, catalogues, and invitations to organization-sponsored events are most
        closely associated with the marketing mix activity of:
        (a)   Pricing
        (b)   Distribution
        (c)   Product development
        (d)   Promotion

10   The way in which the product is delivered to meet the customer's need refers to: -
        (a)   New product concepts
        (b)   Selling
        (c)   Advertising
        (d)   Place or distribution decisions

Answers (1)(d) (2)(a), (3)(a), (4)(d), (5)(c), (6)(a), (7)(c), (8)(d), (9)(d), (10)(d),

KNOWLEDGE ASSESSMENT 4

QUESTIONS

1. How does marketing mix influence the organization's growth?
2. Discuss the importance of marketing mix in current times
3. Elucidate the characteristics of marketing mix.
4. What are the steps involved in developing a marketing mix?
5. What is meant by Marketing Mix? Describe the four components of marketing mix.
6. Explain the 4 C's of marketing mix.
7. State the various classifications of product .
8. Explain common pricing strategies with examples
9. 'Promotion includes four main tools'. Explain each of these tools.
10. Differentiate between the marketing mix of consumer goods and services with suitable example.

Activity 3

Prepare a detailed report of the marketing mix of a prominent consumer good and a service provider.

UNIT V: CONSUMER BEHAVIOUR

Unit Code:	UNIT TITLE: CONSUMER BEHAVIOUR			
	Duration:			
Location: Classroom or Company's premises	**SESSION 1: MEANING AND IMPORTANCE OF CONSUMER BEHAVIOUR**			
	Learning Outcome	**Knowledge Evaluation**	**Performance Evaluation**	**Teaching and Training Method**
	1. Meaning and Constituents of Consumer Behaviour 2.Consumer Behaviourv/s Consumption Behaviour v/s Buyer Behaviour 3.Importance of studying Consumer Behavior:	1.Explain the meaning and definition of Consumer Behaviour 2.Discuss the Constituents of consumer Behaviour and types of consumers and buyers 3.Substantiate importance of Consumer behaviour;	1.Understanding the term Consumer Behaviour in marketing 2.Identify consumer and buyer the two major components of buying behaviour 3.Distinguishing between Consumer behaviour; Consumption Behaviour and Buyer Behaviour 4..Explaining the significance of Consumer behaviour	**Interactive Lecture:** 1.Explaining themeaning and definition of Consumer Behaviour and their components; the significance of Consumer behaviour **Activity:** Identify various types of consumers and buyers in the market
	SESSION 2:FACTORS AFFECTING CONSUMER BUYING BEHAVIOR			
	1. Factors affecting Consumer Buying Behaviour	Discuss various cultural factors, social factors and psychological factors influencing consumer behaviour	1.Determination of cultural and sub cultural factors 2. Determination ofsocial factors 3. Determination ofpsychological factors in consumer behaviour	**Interactive Lecture:** Explanation of cultural factors, social factors and psychological factors with examples **Activity:** Collect informationregarding cultural factors, social factors and psychological factors influencing consumers in a Shopping Mall
	SESSION 3: ROLES OF BUYING BEHAVIOUR			

Different roles played by consumer	Identify and understand the various buying roles played by consumer in different kinds of purchase situations.	Understanding of the eight roles played by people in the consumer decision process	**Interactive Lecture:** Explain the roles with suitable examples. **Activity:** Undertake a role play of the different roles in the buying process**.**	Discu cultur social psych influe consu
SESSION 4: STAGES OF BUYING BEHAVIOUR				
	Understand the stages in the consumer decision making process	Comprehend the various aspects to be considered while making purchasing decisions.	Recognize the five stages involved in making a decision of purchase.	**Interactive Lecture:** Explain the stages of consumer decision making process with suitable examples. **Activity:** Prepare a flowchart after of the stages involved in purchasing a high involvement and a low involvement product..

(Note: The location would depend upon the topic under discussion, wherein it will be the classroom for the theoretical interactions and the student will be required to visit field/retail outlet or the marketing department of an organization to observe and comprehend the concepts related to marketing.)

SESSION I

Consumer Behaviour

The marketing mix strategies of a marketer spin around various queries regarding consumer behavior, like what type of product consumer purchases in general; what factors persuade him to buy a good; why does he buy a specific brand from a particular shop; why does he shift his preferences from one brand to another or from one store to another; what is his reaction to a new product introduced in the market and through which stages he passes before making a decision to purchase a product. The knowledge of the consumers' demographic profile and buying habits is very essential for the marketers to make their marketing plans for achieving sales targets. From the behavior which consumers displays in searching for, purchasing, using, evaluating, and disposing of products and services, marketers get idea to satisfy their needs.

According to Schiffman and Kanuk consumer behaviour is defined as the study of how individuals make decisions to spend their available resources (time, money, effort) on consumption-related items. It includes the study of 'what they buy', 'why they buy', 'when they buy', 'where they buy', 'how often they buy it' and 'how often they use it." This definition is quite comprehensive because it starts before actual buying and goes even after purchase of the product. The goal of studying consumer behaviour is to satisfy their needs, while utilizing their time, money, and effort in best possible way.

Constituents of consumer Behaviour:

Consumer behavior encompasses two constituents, namely consumer and buyer.

1.   Consumer-"Consumer" and "Customer" the interchangeably used terms are different in meaning. The term "consumer" is used to represent a situation where a product can be consumed, and "customer" is used to deal with situation where the product is purchased and may not be directly consumed. For instance consumers of items like food, drugs, etc. but customers of garments, consumer durables, cars, etc.

There may be

a) **Individual consumer** is the person who buys goods and services etc. for personal or household use.
b) **Organizational/Business/Industrial Consumer** is the person who buys goods and services etc. for processing them for the ultimate users including personal/individual consumers. For example, if the purpose is to use furniture for self and family, one acts as an individual consumer. But if furniture is purchased by the office, it is organizational purchase.

2.Buyer/User

The term "buyer" refers to one who buys product. But buyer might not be the user of product. For example, Manish buys a blazer for her father. Manish is the buyer but the ultimate user is his father.

Importance of studying Consumer Behavior:

The study of consumer behavior is very relevant for effective marketing management. It helps significantly in the formulation of production and marketing strategies in the following manner-

1. **Knowledge of consumer behavior helps to determine the marketing mix**- The management keeps on exploring -what type of product consumer purchases in general; what factors persuade him to buy a good; why does he buy a specific brand from a particular shop; why does he shift his preferences from one brand to another or from one store to

another or what is his reaction to a new product introduced in the market. These facts give signals to producers about marketing mix to be arranged for their product and to serve consumers in better manner.

2. **To assess consumer's actions or reactions**- The consumer seeks value for money. He wants to pay fewer prices, but expects superior features in the product. This has led many marketers to introduce quality products at prices which are affordable to the customers.

3. **To meet diversified consumer preferences** –With globalization customers got more availability of more choices compared to pre-1991 era. For example, the customer now has many brands of cars to choose from like Hyundai, Honda, Mercedes, BMW etc

4. **A guide to planning and implementing marketing strategies -** Knowledge of consumer behaviour can serve as a great help to formulate and implement marketing strategies to achieve goals of the firm.

5. **To address special needs, personalities, and lifestyles of consumers-** Consumer prefer differentiated products to reflect their special needs, personalities, and lifestyles. The study of consumer behavior helps to satisfy such special needs. For example, when Onida 21 was introduced, it was advertised on the television 'for the elite classes.'Similarly Maggi introduced their ketchups with emphasis on "It's different"

6. **To identify market segmentation**. This also helps to classify market segments to market the products effectively. For example LIC provides its insurance cover to suit the needs of different types of customers- Jeevan Suraksha (Financial security and post-retirement benefits), Asha Deep II (Medical covers), Jeevan Shree (to retain key individuals in the organisation), Jeevan Surabhi (Money back with rising insurance cover), Jeevan Mitra (double benefit endowment plan), Money Back (for periodic cash flows), and Bima Kiran (for low-cost, high insurance cover).

7. **To remain updated with technological advancement and bring new products to the market at faster pace**-Studying consumer behavior is

imperative to get to know consumers' expectations and address them quickly. Thus, identification of target market before production is essential to deliver the desired consumer satisfaction and delight by bringing product to the market at faster pace.

Knowledge Assessment - I

State whether the following statements are true or false:

1. From the consumers behaviour displayed in searching , purchasing, using, evaluating, and disposing of products, marketers get a fair idea to satisfy their needs
2. The goal of studying consumer behaviour is to satisfy customers' needs, while utilizing their time, money, and effort in best possible way.
3. Consumer is the person who purchases the product but may not directly consume it.
4. Industrial Consumer buys goods and services for processing them for the ultimate users and earns profit.
5. Consumer wants to pay less price, but expects superior features of the product.
6. The study of consumers behaviour helps to classify market segments to market the products effectively

Answers: 1. True, 2. True 3. False, 4. True, 5. True, 6. True

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SESSION II: FACTORS AFFECTING CONSUMER BUYING BEHAVIOR

Factors affecting Consumer Buying Behavior:

To satisfy their needs, consumers tend to buy goods and services and come to a decision to make the best use of their resources (time, money, effort). Consumer

behaviour is the study of What to buy, Why to buy, When to buy, Where to buy, How often to buy and Use it. In this buying process, many factors influence the decision-making. Most of these factors are inter-dependent and inter-related, and can be divided into four main categories

1. Cultural Factors:

Culture is a combination of values and beliefs, religions and customs, which influence consumer behaviour directly or indirectly. In a society, the cultural study can be made by over viewing religion, customs, language, traditional arts, work-patterns of people. Culture is prescriptive, socially shared, facilitator of communication, subjective, cumulative and dynamic. The thinking patterns are passed from generation to generation. These factors make an important basis for market segmentation, product development, advertising, etc. The consumption habits, eating habits, food-preferences, etc. signal the producers about what should be produced and supplied in the market. For example, in India, beef preparations are generally not found on the menu cards of most restaurants and food chains, as Hindus do not eat beef.

Similarly a sub-culture consisting of psychological, social or geographical source of consumer group indicates their unique demand-pattern in consumption-behaviour. For example, in north India, people prefer wheat-chapati as staple food whereas in the south, people prefer rice. In any society, social class of individuals and families with similar values, interests and behavior creates almost identical demand patterns.

2.Social Factors:
Social factors like family and reference groups also play significant role in determining consumer behavior in the following manner.

(a) Family
Consumer buying decisions are influenced by many social factors like the economic condition of the family, its role and status in society, and the reference group of people. People with high incomes have a high purchasing power and are status-conscious. They generally purchase branded products from malls and expensive markets. On the contrary, the ordinary people, belonging to

middle or lower income groups purchase products from local markets. Similarly, the urban population's buying behaviour will be different from the rural-population's buying behaviour, as they have greater exposure and choices.

(b)Reference Groups

A reference group comprises of two or more persons realizing common goals, group values, attitudes and behaviour. Friends or other people with whom one identifies himself constitute a reference group. While making purchases, such reference groups play a vital role as recommendations are made by the group-members, who may also become a source of information. Marketers, sometimes, use the 'reference group-influence' by suggesting in advertisements that a specific reference group buys this particular brand of products and is highly satisfied. For example: Amway products, Patanjali products are promoted by organic product users. The group member who provides information about a specific sphere that interests members of a group is called an opinion-leader. The opinion-leader can exert maximum influence when consumers have high-product involvement but low product knowledge.

(c) Roles and Status:

An individual has many roles to play in their lives; at their workplace, they have different duties as compared to the duties they are expected to fulfill at home. Roles and status help marketers to prepare their products and market them not only as per the customer's requirements, but keeping in view the status those individuals enjoy, so that the customers are targeted at the right place. For example, fully automatic washing machines are beneficial for a working woman, and are advertised accordingly.

(d) Age and life-cycle stage

This is an important determinant of the goods demanded by a consumer. If the consumer is young, he/she will demand more of trendy clothes, recreational facilities like gyms and spas, grooming products such as deodorants, cosmetics, etc. Elderly consumers will demand more of medicines, healthy-foods walking sticks, health-care facilities etc.

(e) Education and Occupation

The level of education and occupation of the consumer also decides his/her consumption behaviour. For example, a business executive may go for

expensive business suits, electronics like laptops and smart phones, or memberships of clubs, whereas a clerk will buy simple clothes and ordinary, cheaper goods.

(f) Economic conditions
People in the high income bracket have higher purchasing power. They buy expensive and trendy goods. On the contrary, people in the low-income groups buy simple and relatively cheaper goods.

(g) Lifestyle
Lifestyles are identified by observing activities, interests, opinions, and demographics. The activities of individuals like work, hobbies, vacations, social activities and community service, shopping, sports etc. indicate a lot. People's interests can be observed from their preferences of food, fashion, recreation, media choice etc.

3. Psychological Factors

To effectively market a product, marketers need to go to a psychological level of a consumer. The study of a consumer's thinking helps to find out-

- How consumers think, feel, reason, react to different environments and select between different alternatives (e.g., brands, products, and retailers)

- The behaviour of consumers while shopping or making other marketing decisions
- The extent of consumer knowledge or information processing abilities which influence decisions and marketing outcome
- What motivates consumers and their decision making strategies for different products
- How can marketers adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer.

Under this category, the following variables can be identified:

(a) Motivation

A need becomes a motive when it is aroused to a sufficient level of intensity and a motive is a need that is sufficiently pressing to drive the person to act. Thus, motivation drives the consumers to develop a purchasing attitude. It works at a subconscious level and is often difficult to measure. For example a buyer goes to a nearby restaurant and orders pizza for herself, because hunger was the motivating factor for her to purchase pizza. Recognition and self-esteem also influence the buying decision of individuals. Individuals prefer to spend on premium brands and unique merchandise for others to look up to them. Certain products become their status symbol and people know them by their choice of picking up exclusive products.

(b) Perception

What a person thinks about a particular product or service is his/her perception towards it. For someone a Dell Laptop might be the best laptop while for others it could be just one of the best brands available. Thus, we understand that individuals with the same needs might not purchase similar products due to difference in perception. Individuals, even, perceive similar situation differently due to difference in the way they interpret information.

©Learning

Learning comes only through experience. An individual comes to know about a product and service only after he/she uses the same. An individual who is satisfied with a particular product/service will show a strong inclination towards buying the same product again.

(d)Beliefs and Attitudes

Beliefs and attitude play an essential role in influencing the buying decision of consumers. Individuals create a certain image of every product or service available in the market. Every brand has an image attached to it, also called its brand image. Consumers purchase products/services based on their opinions which they form towards a particular product or service. A product might be really good but if the consumer feels it is useless, he would never buy it.

(e)Personality

Personality is the collection of inner psychological attributes that characterize the outer behavior an individual in terms of individual differences. Personality traits like dominance, self-confidence, sociability or adaptability of a person

influence his decision making up to great extent whereas an individual's personality may change gradually but plays a vital role in his buying and consumption behaviour.

Thus to conclude, we can say that consumer behavior is an outcome of numerous cultural, social and psychological factors.

Knowledge Assessment - II

Fill in the blanks:

1. In a society, the----------- can be made by over viewing religion, customs, language, traditional arts, work-patterns of people.
2. The cultural factors make an important basis for ------------------, product development, advertising.
3. Recognition and ---------------- also influence the buying decision of individuals.
4. Roles and status help marketers to prepare and market their products not only as per the customer's requirements, but keeping in view------------- those individuals enjoy.
5. An individual who is satisfied with a particular product will show a ---------------- towards buying the same product again.
6. Individuals with the same needs might not purchase similar products due to difference in ----------------------.
7. To effectively market a product, marketers need to go to ------------- of a consumer

Answers: 1.cultural study 2. market segmentation 3.self-esteem4.the status 5.strong inclination
6.perception 7. psychological level

SESSION 3: DIFFERENT BUYING ROLES

Individuals or group of consumers play diverse roles in different kinds of purchase situations. There exists no hard and fast role that buyers need to play; it is possible to characterize roles in the context of purchase decision. It has been observed that there are eight different roles played by people in the consumer decision process.

Initiator: The initiator is a person who first gets the thought or gives the suggestion/idea of buying the particular product. A child might play the role of an initiator in the purchase process of a chocolate.

Influencer: The influencer is a person who directly or indirectly has some influence on the final buying decision of others. The parents play the role of influencers in the purchase process of a chocolate.

Gatekeeper: The gatekeeper is a person who permits the flow of certain information and restricts flow of some set of information. Parents play the role of a gatekeeper in the selection of movies for children.

Decider: The decider is a person who finally determines part or the whole of the buying decision, ie. all quantity like whether to buy, what to buy, how to

buy, when to buy or where to buy are considered. In the event of buying baby products, the mother plays the role of the decider.

Buyer: The buyer is the person who actually purchases and pays for the purchase. In a typical family decision making process, father plays the role of the buyer who is involved in the economic transaction process.

User: The user is the person who actually uses or consumes the services or products. In most of the grocery product purchase, the entire family uses the product. In a typical purchase of washing machine, the housewife plays the role of user.

Preparer: The preparer is the person who changes the product to usable form for consumption. For example, in a typical family consumption of food items, mother plays the role of preparer.

Maintainer: Members who service or repair the product so that it will provide continued satisfaction is a maintainer.

Disposer: The disposer is the person who finally disposes the package of the product. For example mother plays the role of a disposer after the product is consumed by the family.

The task of the marketers is to understand the buying process and the role of the participants in the buying process. He should initiate all of them to make a purchase of his product at different stages and through different strategies. The study of consumer behavior will be incomplete if one discusses only about single role of the consumer. In certain purchase decisions might involves at least one person acting one role, on other occasions a single individual can play several roles at the same time. The important ones that are played by the consumer are.

KNOWLEDGE ASSESSMENT
1. ------------of consumers play diverse roles in different kinds of purchase situations.
2. The ---------is a person who first gets the thought or gives the suggestion/idea of buying the particular product.
3. The ---------play the role of influencers in the purchase process of a chocolate.
4. ---------is a person who directly or indirectly has some influence on the final

buying decision of others
5. Parents play the role of a in the selection of movies for children.
6. Decider is a person who finally determines ---------of the buying decision.
7. Father plays the role of the-------- who is involved in the economic transaction process.
8. -----------is the person who actually uses or consumes.
9. The------------ is the person who changes the product to usable form for consumption.
10.The --------is the person who finally disposes the package of the product.

ANSWERS: 1. Individuals or group 2. Initiator 3. Parents 4. Influencer
5. Gatekeeper 6. Part or the whole 7. Buyer 8. User 9. Preparer 10. Disposer

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ACTIVITY: Prepare a list of ten products where the child plays an important role in the buying process

SESSION IV: THE CONSUMER DECISION PROCESS

Consumers undertake a step-by-step process while purchase a decision. The amount of time and effort they devote to a particular purchasing decision depends on the necessity of the desired good or service to the consumer.

Purchases where high levels of social or economic issues are said to be associated are the high-involvement purchase decisions. Routine purchases that have little risk to the consumer are low-involvement decisions. Consumers generally spend more time and effort to make purchase decisions for high-involvement products than to those for low-involvement products.

Fox example, a person purchasing air conditioner/refrigerator will probably compare prices, visit dealer showrooms, read online reviews and ask for advice from friends before making the final decision.
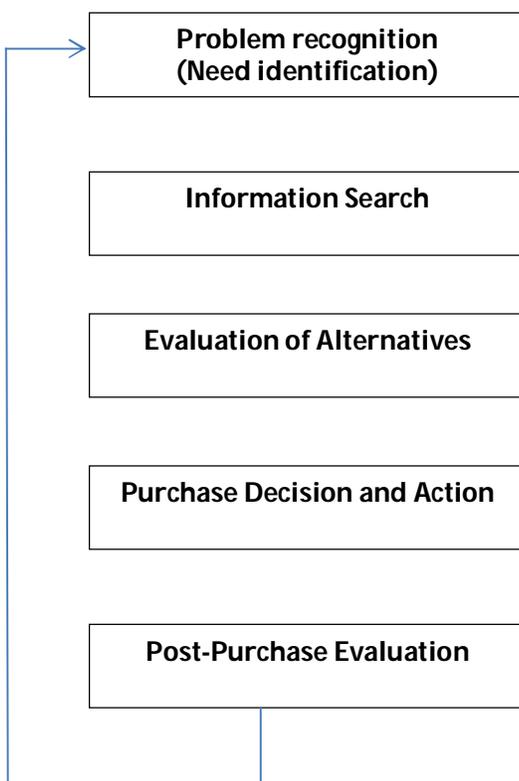
People might not invest huge effort in choosing between two brands of chocolates. They will also go through the steps of the consumer decision process but on a smaller scale. Purchase decisions can be thought-based (cognitive) or feeling based (emotive). It is observed that both cognition and emotion affect every purchase decision with either one of them dominating the

decision at a given point of time. For example we can analyze different consumer purchase decision as follows:

Classification of Consumer Purchase Decisions

Thought-based	Feeling-based
Example: Buying a home	Example: Jewellery
Example: Buying a car	Example: Snacks

THE CONSUMER DECISION PROCESS

Problem recognition (Need identification)

Information Search

Evaluation of Alternatives

Purchase Decision and Action

Post-Purchase Evaluation

CONSUMER DECISION PROCESS STAGES

1. **Problem Recognition** –During the first stage of the consumer decision making process, the consumer becomes aware of the difference between the actual state (where we are now and the ideal state ('where we want to be')). This stage motivates the individual to achieve the desired state of affairs. Here they may also play a role through creating a new ideal state or by increasing dissatisfaction with the actual state. The factors as mention

2. **Information Search** – In the second stage, the consumer gathers information related to his/her fulfillment of a desired state of affairs. This search identifies alternative means of problem solution. High-involvement purchases may invite large information searches, while low-involvement purchases require little search activity. The search may include internal or external sources of information. During the internal search existing information feelings and experiences similar to the problem solving situation are recalled from the consumer's memory. An external search collects information from outside sources, which may include family members, friends, store displays, sales personal, advertisements and product reviews. The external search may be a general ongoing search or a specific pre-purchase search. The search identifies the other existing brands for consideration and possible purchase. The number of brands that a consumer actually considers in making a purchase decision is known as the evoked set. Marketers seek to influence consumer decisions during the process of search by providing persuasive information about their goods or services in a format useful to consumers.

3. **Evaluation of Alternatives**-The third step in the consumer decision making process is to evaluate the evoked set of options identified during the search step. The result of the evaluation stage helps in choosing a brand or product in the evoked set or might also result in a decision to start search for additional alternatives, when all those which were identified during the initial search seem to be unsatisfactory. To complete this analysis, the consumers develop a set of evaluation criteria to guide the selection. These criteria can either be objective facts or subjective impressions. Marketers can attempt to influence the outcome from this stage in numerous ways. Initially, they can try and educate

consumers about attributes that they view as important in evaluating a particular class of goods. They can also identify which criteria evaluate are important to an individual and attempt to show why a specific brand fulfills those criteria. They can try to help a customer in expanding his/her evoked set to include the product they are offering.

4. **Purchase Decision and Action** The search and alternative evaluation stages of the decision process result in the final purchase decision and the act of making the purchase. At this stage, the consumer has evaluated each alternative in the evoked set based on his/her personal set of evaluative criteria and lowered the alternatives down to one. Marketers can smooth the purchase decision and action by helping consumers through providing finance, delivery, and installation and so on.

5. **Post-Purchase Evaluation-** The purchase act might result in one of two:

   Satisfaction – The buyer feels satisfied at the reduction of the gap between the actual and the ideal states or might experience dissatisfaction with the purchase. Consumers are generally satisfied if purchases meet with their expectations.

   Dissatisfaction – Sometimes, however, consumers experience some post purchase anxieties, called cognitive dissonance. It is a thought that one has not made the right decision. The consumer attempts to reduce this anxiety by searching for additional information that supports his/her choice. The marketer can help by providing supportive information to the buyer and also by positive marketing communications.

The consumer buying process enables the consumers take informed decisions. Higher the extent of satisfaction, higher the possibility of repurchase. Marketers usually look to reduce dissatisfaction as a dissatisfied consumer not only shies away from a purchase but also affects others.

KNOWLEDGE ASSESSMENT
1.Purchases where high levels of social or economic issues are said to be associated are the ----------purchase decisions
2. -------------purchases that have little risk to the consumer are low-involvement decisions
3. Consumers generally spend ------------to make purchase decisions for high-involvement products than to those for low-involvement products.
4. Purchase decisions can be-----------------.

5. In the stage of ----------the consumer becomes aware of the difference between the actual state and the ideal state.
6. An ---------search collects information from outside sources.
7. The number of brands that a consumer actually considers in making a purchase decision is known as the-------.
8. The search and alternative evaluation stages of the decision process result in the--------------.
9. Consumers experience some post purchase anxieties, called -------------
10. Consumers are generally satisfied if purchases meet with their-------------.
.
ANSWERS: 1. High-involvement 2. Routine 3. More time and effort 4. Cognitive or emotive 5. Problem recognition 6. External 7. Evoked set 8. Final purchase decision 9. Cognitive dissonance 10. Expectations

ACTIVITY: Prepare a flowchart to identify the steps involved in consumer decision making process of a high involvement and a low involvement product.

Exercise Questions:

1. Discuss the activities of both final and intermediate users in the study consumer behaviour .

2. How does consumer behaviour help in determining the marketing mix by the firms?

3. What do you understand by 'value for money' in consumer behavior?

4. Why is the study of Consumer Behavior important for a firm?

5. What do you mean by a 'reference group'? Explain 'reference group-influence' used by marketers to promote a product.

6. 'Cultural factors and sub- cultural factors are very helpful in studying consumer behavior.' Do you agree with the statement? Discuss.

7. How does economic condition and life style indicate consumers' purchasing behavior?

8. Explain various social factors which influence consumer behavior in a society.

9. Why do marketers need to study psychological factors related to consumer behavior.

10. How does motivation drive consumers to develop a purchasing attitude towards a product? Explain.

11. Discuss the role played by personality to determine consumer behavior in a market.

12. Describe the various roles played by a person in the buying process

13. Give examples of the roles played by a child and mother in the process of buying.

14. Describe the various stages of the consumer decision making process

15. Differentiate between the decision making process of high involvement and low involvement products.

16. How do the personal variables affect the process of decision making?

17. Why is it important to study the post purchase behaiour

18. What factors are likely to increase the pre-purchase search for information.