BBA-205: Marketing Management - I

Unit I

Introduction to Marketing: Nature, scope and importance of marketing, basic concepts, marketing environment, Market segmention, targeting and positioning.

Unit II

Product: Product strategy, product innovation and diffusion, Product development, Product lifecycle and product mix.

Pricing Decisions: Designing pricing strategies and programmes, pricing techniques.

Unit III

Place: Types of channels, meaning & importance, channels strategies, designing and managing value network and marketing channel, managing retailing, Physical distribution, marketing logistics and supply chain management.

Unit IV

Promotion: Advertising- meaning and importance, types, media decisions, promotion-mix, Personal Selling- Nature, importance and process, Direct Marketing Sales Promotion (push versus pull study).

Unit I

Nature and Scope of Marketing:

Marketing is an ancient art & is everywhere. Formally or informally, people & organizations engage in a vast numbers of activities that could be called marketing. Good marketing has become an increasingly vital ingredient for business success. It is embedded in everything we do- from the clothes we wear, to the web sites we click on, to the ads we see.

Marketing deals with identifying & meeting human & social needs or it can be defined as "meeting needs profitably".

The American Marketing Association has defined marketing as "an organizational function & a set of processes for creating, communicating & delivering value to the customers & for managing customer's relations in ways that benefit the organization & the stake holders.

Marketing management is the art & science of choosing target markets & getting, keeping & growing customers through creating, delivering & communicating superior customer value.

"Delivering a higher standard of living" For a managerial definition, marketing has been defined as "the art of selling products" but people are surprised when they hear that the most important part of marketing is not selling. Selling is only the tip of marketing iceberg.

Peter Drucker says it this way that the aim of marketing is to know & understand the customer so well that the product or service fits him & sells itself. All that should be needed is to make the product or the service available.

Eg. The success of Indica, the first indigenously designed car by Tata Motors. Backed by strong customers delight, the company designed a vehicle with luggage space & legroom & offered it a price easily available & affordable to middle class.

(2) Gillette launched its March III razor.

Marketing people are involved in marketing 10 types of entities: goods services, events, experiences, persons, places, properties, organizations, information & ideas. Therefore ideal marketing should result in a customer who is ready to buy.

Importance of Marketing: Financial success of any organization depends upon marketing ability of that organization. There should be sufficient demand for products & services so the company can make profit. Therefore many companies created chief marketing officer (CMO) position to put marketing on a more equal footing with other e-level executives.

Marketing is tricky & large well known business such as Levi's, Kodak, Xerox etc. had to rethink their business models, Even Microsoft, Wal-Mart, Nike who are market leaders cannot relax. Thus, we can say that making the right decision is not easy & marketing managers must take major decisions about the features of the product prices & design of the product, where to sell products & expenditure on sales & advertising. Good marketing is no accident but a result of careful planning & execution. Marketing practices are continuously being refined to increase the chances of success. But marketing excellence is rare & difficult to achieve & is a never ending task.

Eg. NIRMA – The brand icon of the young girl has adorned the package of Nirma washing powder. The jingle has become one of the enduring times in Indian advertising.

Basic Concepts of Marketing:

1. **Exchange Concept**: The Exchange concept holds that the exchange of a product between seller & buyer is the central idea of marketing Exchange is an important part of marketing, but marketing is a much wider concept.

2. **Production Concept:** The production concept is one of the oldest concepts in business. It holds that consumers will prefer products that are widely available & expensive. Manager of production oriented business concentrate on achieving high production efficiency low cost & mass distribution.

   For Example: Haier in China take advantage of the country's huge inexpensive labor pool to dominate the market, to manufacture PC & domestic appliances.

3. **Production Concept:** This concept holds that consumers will prefer those products that are high in quality, performance or innovative features. Managers in these organization focus on making superior products & improving them. Sometimes, this concept leads to marketing myopia, Marketing myopia is a short sightedness about business. Excessive attention to production or the product or selling aspects at the cost of customer & his actual needs creates this myopia.

4. **Selling Concepts:** This concept focuses on aggressively promoting & pushing its products, it cannot expect its products to get picked up automatically by the customer. The purpose is basically to sell more stuff to more people, in order to make more profits. Eg. Coca Cola

5. **Marketing Concept:** The marketing concept emerged in the mid 1950's. The business generally shifted from a product – centered, make & sell philosophy, to a customer centered, sense & respond philosophy. The job is not to find the right customers for your product, but to find right products for your customers. The marketing concept holds that the key to achieving organizational goals consist of the company being more effective than competitors in creating, delivering & communicating superior customers value. This concept puts the customers at both the beginning & the end of the business cycle. Every department & every worker should think customer & act customer.

Features of the Marketing Concept:

(i) Consumer Orientation: The purpose of any business is to create a customer.

(ii) Integrated Management with Marketing as the Fulcrum: Integrated management means that all the different functions of a business must be tightly integrated with one another. This is essential because every function has a bearing on the consumers & the aim is to see that all the functions make a favourable impact on the consumer.

(iii) Consumers Satisfaction: The marketing concept emphasizes that it is not enough if a firm has consumer orientation, it is essential that with such an orientation, it should lead to consumer satisfaction.

(iv) Realization of all Organizational Goals, Including Profits: The firm should not forget its own interests. It treats consumer satisfaction as the pathway to the attainment of goals of the organization.

In short the marketing concept essentially represents a shift in orientation.

- From production orientation to marketing orientation.
- From product orientation to customers orientation.
- From supply orientation to demand orientation.
- From sales orientation to satisfaction orientation
- From internal orientation to external orientation.

6. **Social Marketing Concept:** This concept holds understanding broader concerns & the ethical, environmental & legal & social context of marketing activities & programs. The cause & effects of marketing extend beyond the company & the consumes to society as a

whole. Social responsibility also requires that marketers carefully consider the role that they are playing & could play in terms of social welfare.

7. **Holistic Marketing Concept:** This concept is based on the development, design & implementation of marketing programs, processes & activities that recognizes their breadth. Holistic concept realizes that "everything matters" with marketing.

Marketing Environment:

Purpose of marketing environment analysis:-
(a) To know where the environment is leading, to observe & size up the relevant events & trends in the environment.
(b) Strategic response to environment is possible only with proper environment analysis.
(c) To assess the scope of various opportunities & shortlist those that can favorably impact the business.
(d) To help secure the right fit between the environment & the business unit which is the crux of marketing.

The marketing environment consists of the following factors:-

(1) Demographic: Demographic is a major element to be studied in environment analysis. Several factors relating to population, such as size, growth rate, age distribution, religious composition, need to be studied. Aspects such as composition of workforce, household patterns, regional characteristics, population shifts etc. also need to be studied as they are a part of demographic environment.

(2) Socio-cultural Environment: Socio-cultural environment is another important component of the environment. Culture, traditions, beliefs, values & lifestyles of the people in a given society constitute the socio cultural environment.

Culture : Culture is the combined result of factors like religion, language, education & upbringing. Meaningful, information on the consumption habits, lifestyles & buying behaviour can be obtained through a survey of socio-cultural environment. Cultural shifts carry with them marketing opportunities as well as threats.

Social Class: Social class is one important concept in socio cultural environment. A social class is determined by income, occupation, location, of residence etc. Each class has its own standards with respect to lifestyle, behaviours etc., they are known as class values or class norms. These values have a strong bearing on the consumption pattern & buying behaviour.

Economic Environment: The factors to be considered under economic environment are:-
(a) General Economic conditions
(b) Economic conditions of different segments of the population, their disposable income, purchasing power etc.
(c) Rate of growth of the economy, rate of growth of each sector of the economy
(d) Income, prices & consumption expenditure
(e) Credit availability & interest rates
(f) Inflation rate
(g) Foreign exchange reserves
(h) Exchange rates
(i) Tax rates
(j) Behaviour of capital market

Political Environment: Economic environment is a by- product of the political environment, since economic & industrial policies followed by a nation greatly depends on its political environment. Political environment has several aspects; industrial growth depends to a great extent on the political environment. Legislation regulating businesses are also a product of the political configuration. Apart from this political stability, form of govt. elements like social & religious organizations, media & pressure groups & lobbies of various kinds also form the part of political environment

Natural Environment:

(1) Natural Resources: Business firms depend on natural resources. Raw material is one major part of these resources & firms are concerned with their availability, they need to know whether there will be a shortage in any of the critical raw materials, they also need to know the trends governing their cost. Besides raw materials, they are also concerned about energy, its availability as well as cost.

(2) Ecology: Issues like environmental pollution, protection of wild life & wealth are the factors concerned with ecology & govt. is becoming active bargainer in environmental issues.

(3) Climate: Firms with products whose demand depends on climate & firms depending on climate dependent raw materials will be particularly concerned with this factor. These firms have to study the climate in depth & decide their production location & marketing territories respectively.

Technology Environment: For a firm technology affects not only its final products but also its raw material processes & operations as well as its customer segments e.g. IT Industry, Telecom industry.

(a) Options Available in Technology: A firm has to assess the relative merits & costs effectiveness of alternate technologies. It has to analyze technological changes taking place in the industry.

(b) Govt's Approach in Respect of Technology: Regulations by the govt. in matters relating to technology restrict the freedom of operation of business firm. There may be areas where technology may support the use of modern technology or they may ban technologies that are potentially unsafe.

(c) Technology Selection: Firms have to scan the technology environment & select technologies that will be appropriate for the firm & the given product – market situation. They have to forecast technological trends, assess current & emergency techniques.

Legal Environment – Business have to operate within the framework of prevailing legal environment. They have to understand all legal provisions.
Legal environment depends on :-
(a) Corporate affairs
(b) Consumers protection
(c) Employee protection
(d) Sectoral protection
(e) Corporate protection
(f) Protection of society
(g) Regulations on products, prices & distribution
(h) Control on trade practices
(i) Protecting national firms against foreign firms

Market Segmentation

Markets are not homogenous & they are made of several segments. A market is the aggregate of consumers of a given product and consumers vary in their characteristics buying behaviour. It is feasible to disaggregate the consumers into segments in such a manner that in needs characteristics & buying behaviour, the members vary significantly among segments.
Segmentation benefits the marketer as:-

(1) Facilitates Proper Choice of Target Market: Segmentation helps in distinguishing one customer group from another & thereby enables him to decide which segment should form his target market.

(2) Facilitates Taping of the Market, Adopting the Offer to the Target:
Segmentation also enables the marketer to crystallize the needs of the target buyers. It also helps him to generate an accurate prediction of the likely responses from each segment of the target buyers.

Eg. Ford Strategy – Through segmentation car manufacturers have gained useful insights on the product features to be provided to different segments of car buyers.

(3) Makes the Marketing Effort More Efficient & Economic: Segmentation makes the marketing effort more efficient & economic. It ensures that the marketing effort is concentrated on well defined & carefully chooses segments. After all, the resources of any firm are limited & no firm can normally afford to attack & tap the entire market.
(4) Benefits the customer as well.
(**5**) Helps spots the less satisfied segments & succeed by satisfying such segments.
(**6**) Helps achieve the specialization required in product, distribution, promotion & pricing for matching the customer group & develop marketing offers.
Therefore, to compete more effectively, many companies go for target marketing which can establish & communicate the distinctive benefits of the company's market offering. This process is called as market segmentation.
Eg.: GM has identified 40 different customer needs & 40 different market segments in which it would be present with its vehicle.
Market can be segmented using several relevant bases they are:-

(i) Geographic Segmentation: Geographic segmentation calls for dividing the market into different geographical units such as nations, regions, countries, cites or neighborhood. One of the major geographic segmentation in India is the division of rural & urban areas. The need to segment the market geographically becomes clearer when we look at some of the characteristics of the market. In India, there are more than 5000 towns & over 6,38,000 villages. Nearly 87% of these villages have a population of less than 2000 people. This variation in population is important for the marketer while formulating marketing strategy & plans. In addition to this products penetration, income levels & availability of infrastructure like roads & electricity make the task of geographic segmentation important.
For most products, penetration levels in rural areas are lower than in urban areas. Income & lifestyle issues influence the penetration rate of products & services.
Eg.: Haats & mandis serve important roles in the exchange of goods & services in rural areas.

(ii) Demographic Segmentation: In demographic segmentation, the market is divided into groups on the basis of variables such as age, family size, family life cycle, gender, income occupation, education religion, race generation, nationality & social class.

Age & Life Cycle Stage: Consumer wants & abilities change with age. Eg: Hindustan Uni Level introduced Pears soap in pink colour especially for children. Johnson & Johnson Baby Powder & Talcum Powder are classic examples of products for infants & children. Television channels in India Indicate the segmentation based on age & life cycle. There are channels like Aastha & Sanskaar target which towards the old generation, cartoon network, Disney are channels for children etc.

Gender: Men & women have different behavioral orientation. Gender differentiation has been long applied to product categories such as clothing, cosmetics & magazines. Eg: Axe deodorant is positioned as a masculine product. Park Avenue from Raymond is positioned as masculine brand. Bajaj wave is a brand specifically designed for women in the scooter segment.

Income: Income segmentation is a long standing practice in a variety of products & services & is a basic segmentation variable. Eg: Nirma Washing Powder was launched as the lowest priced detergent in India primarily targeted at middle income group. Markets for many consumers products in India are showing rapid growth due to low unit price packaging.

Generation: Each generation is profoundly influenced by the time in which it grows- the music movies, politics.

Social Class: Social class has a strong influence on preference in cars, clothing, home , furnishings, leisure activities, reading habits, retailers etc.

(iii) Psychographic Segmentation: In psychographic segmentation, elements like personality traits, attitude lifestyle & value system form the base. The strict norms that consumers follow with respect to good habits or dress codes are representative examples. Eg: Mr. Donald's changed their menu in India to adapt to consumer preference. The market for Wrist Watches provides example of segmentation. Titan watches have a wide range of sub brands such as Raga, fast track, edge etc. or instant noodle markers, fast to cook food brands such as Maggi, Top Ramen or Femina, women's magazine is targeted for modern women.

(iv) Behavioral Segmentation: Markets can be segmented on the basis of buyer behaviour as well. The primary idea in buyer behaviour is that different customer groups expect different benefits from the same product & accordingly they will be different in their motives in owning it. In buyer behavior based segmentation also, several sub factors form the basis. Eg: Purchase occasion can be one base, buyers can be segmented on the basis of whether they are regular buyers or special occasion buyers. Degree of use can be another base, they can be segmented on the basis of whether they are light, medium or heavy users of the product or whether they are enthusiastic or indifferent or negative towards the product.

Target Marketing

Target Marketing refers to a concept in marketing which helps the marketers to divide the market into small units comprising of likeminded people. Such segmentation helps the marketers to design specific strategies and techniques to promote a product amongst its target market. A target market refers to a group of individuals who are inclined towards similar products and respond to similar marketing techniques and promotional schemes.

Basis of Target Marketing

- Age
- Gender
- Interests
- Geographic location
- Need
- Occupation

Why target marketing? (Need of Target Marketing)

- Organizations can use similar kind of strategies to promote their products within a target market.
- They can adopt a more focused approach in case of target marketing. They know their customers well and thus can reach out to their target audience in the most effective way.

How to create Target Market

- The organization must first decide who all individuals would fit into a particular segment. A male and a female can't be kept in the same segment. The first and the foremost step is to decide on the target market.
- The next step is to identify need and preference of the target market. It is essential to find out what the target market expects from the product.
- Once the target market is decided, organizations can decide on the various strategies helpful to promote their product.
- In marketing, **positioning** is the process by which marketers try to create an image or identity in the minds of their target market for its product, brand, or organization.
- **Re-positioning** involves changing the identity of a product, relative to the identity of competing products.
- **De-positioning** involves attempting to change the identity of competing products, relative to the identity of your own product.

Market Positioning

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The original work on positioning was consumer marketing oriented, and was not as much focused on the question relative to competitive products as on cutting through the ambient "noise" and establishing a moment of real contact with the intended recipient.

Brand positioning process

Effective Brand Positioning is contingent upon identifying and communicating a brand's uniqueness, differentiation and verifiable value. It is important to note that "me too" brand positioning contradicts the notion of differentiation and should be avoided at all costs. This type of copycat brand positioning only works if the business offers its solutions at a significant discount over the other competitor(s).

Generally, the brand positioning process involves:

1. Identifying the business's direct competition (could include players that offer your product/service amongst a larger portfolio of solutions)
2. Understanding how each competitor is positioning their business today (e.g. claiming to be the fastest, cheapest, largest, etc.)
3. Documenting the provider's own positioning as it exists today (may not exist if startup business)
4. Comparing the company's positioning to its competitors' to identify viable areas for differentiation
5. Developing a distinctive, differentiating and value-based positioning concept
6. Creating a positioning statement with key messages and customer value propositions to be used for communications development across the variety of target audience touch points (advertising, media, PR, website, etc).

Product positioning process

Generally, the product positioning process involves:-

1. Defining the market in which the product or brand will compete (who the relevant buyers are)
2. Identifying the attributes (also called dimensions) that define the product 'space'
3. Collecting information from a sample of customers about their perceptions of each product on the relevant attributes
4. Determine each product's share of mind
5. Determine each product's current location in the product space
6. Determine the target market's preferred combination of attributes (referred to as an *ideal vector*)
7. Examine the fit between the product and the market.

Positioning concepts

More generally, there are three types of positioning concepts:

1. Functional positions
    - Solve problems
    - Provide benefits to customers
    - Get favorable perception by investors (stock profile) and lenders
2. Symbolic positions
    - Self-image enhancement
    - Ego identification
    - Belongingness and social meaningfulness
    - Affective fulfillment
3. Experiential positions
    - Provide sensory stimulation
    - Provide cognitive stimulation

Unit II

Product strategy

A product strategy identifies, in broad terms, how you plan to sell your products to your marketplace.

It documents how the people in your marketplace (your clients) think about your products and business. It documents how your business positions its products and services and it contains your strategies for selling.

A product strategy can encompass any number of products, depending on the nature of your business. You could have one strategy for each major product or, perhaps, the same strategy for all of them.

For example, an organisation that manufactures and sells high quality vacuum cleaners may sell several product lines but they might all be positioned as high quality premium products. A more diverse organisation selling different products such as finance, travel and music into different markets would need several product strategies.

A product strategy is a document containing any of the following:

- business objectives
- descriptions of target market(s), usually based on results of market research
- results of research about your potential clients and their needs
- how you want your product to be viewed by your clients
- product features and benefits
- selling strategies
- how your product features and pricing compare to your competitors'
- Product changes that might enable better market positioning of your product.

Product Innovation

Innovation can be defined as the application of new ideas to the products, processes, or other aspects of the activities of a firm that lead to increased "value." This "value" is defined in a broad way to include higher value added for the firm and also benefits to consumers or other firms. Two important definitions are:

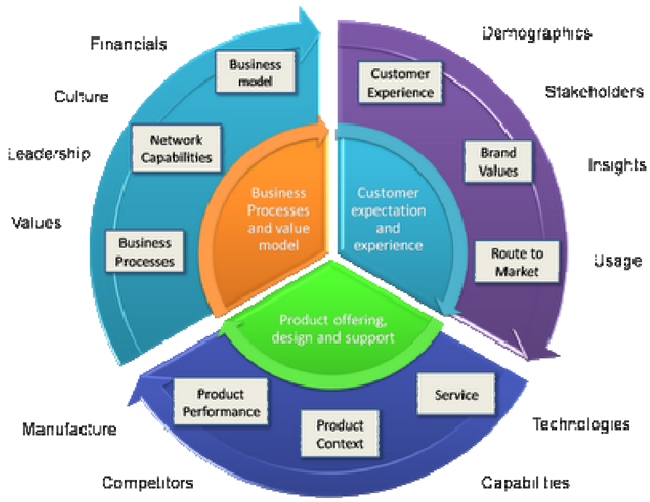
- *Product innovation*: the introduction of a new product, or a significant qualitative change in an existing product.
- *Process innovation*: the introduction of a new process for making or delivering goods and services

The importance of innovation in manufacturing cannot be emphasized enough. It does not only refer to production of innovative products that are different from those offered by the competition but it also refers to innovative and creative approach to production processes and advertisement. In fact, innovation plays the key role in all levels of manufacturing and even the economy itself. Globalization and tough competition force both small business owners and multinational corporations to continue to "reinvent" themselves as well as their products in order to retain or gain a share on the market because the customers do not easily give up their favourite products and try something new unless they think that the new product may offer them more value for their money. The key to success is therefore to make your product stand out on the market which can be achieved only through innovative and creative approach to manufacturing.

Innovation is not just about offering the customers new and quality products for the same or even lower price but to offer something different without increasing the expenses for production processes. For that reason innovation plays an important role in both production processes and management. All successful companies stimulate creativity and innovation in all their employees from product developers to workers at assembly lines because they are well aware of the potentials of every human. There are several ways to create an innovative and creative working environment but the most important of all is to motivate the employees to share their ideas with the company leadership.

Innovative approach to advertising is just as important as innovation in product development and manufacturing processes because the days when the quality spoke for itself are long gone. With so many products available, the customers tend to choose those they know and those that seem to offer them more for their money. This means that your product must recognizable and attractive to the customers which requires well thought through and well led marketing campaign in order to become visible in the first place.

In the end, it is important to keep in mind that innovation carries some risks despite the fact that it is inevitable for success of every manufacturing business. Simply offering something new and different from comparable products does not always bring the desired results. Nevertheless, it is a risk that must be taken by every entrepreneur who wants to succeed because those who are not willing to take that risk will grow at a much slower pace or will not be able to expand their business outside their local communities at all.

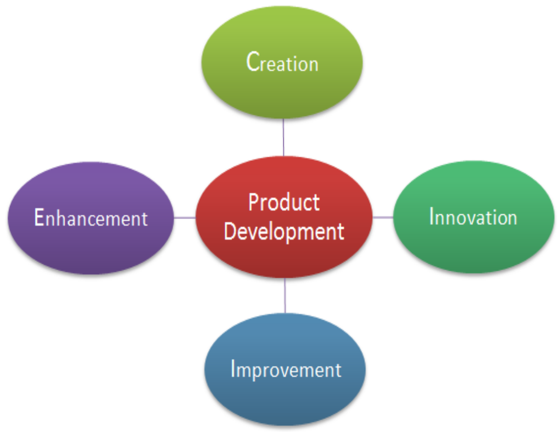


Product Development

First let's understand the meaning of word viz., product and development.

1. Product means any marketable thing with some utility in it, produced either by a labour or through series of automated processes.
2. Development is an act of making or achieving a continuous progress in something by someone. Progress transit from an earlier policy (traditional approach) to an advanced policy (modern approach).

Product development is a specialized activity. It is done to improve the existing product or to introduce a new product in the market. It is also done to improve the earlier features or techniques or systems.

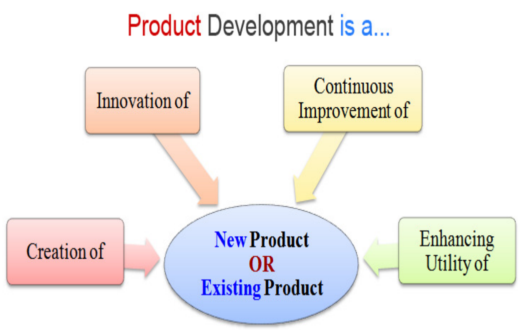


It means a new-product development.

New-product development means to introduce a brand-new product in the market. It means to add a fresh product to an existing line of products.

Normally, a company starts with one or two products. However, after some time it has few more products in its line. This is possible only because of new-product development.

Refer following diagram to know the basic meaning of product development.



Product development takes place, works or functions as under

1. Creation of an entirely new product or upgrading an existing product by exploring all possibilities and outcomes.
2. Innovation of a new or an existing product to deliver better and enhanced services to end-users.
3. Continuous improvement of a new product or enhancing an existing product by giving preference to satisfy the demand of end-users.

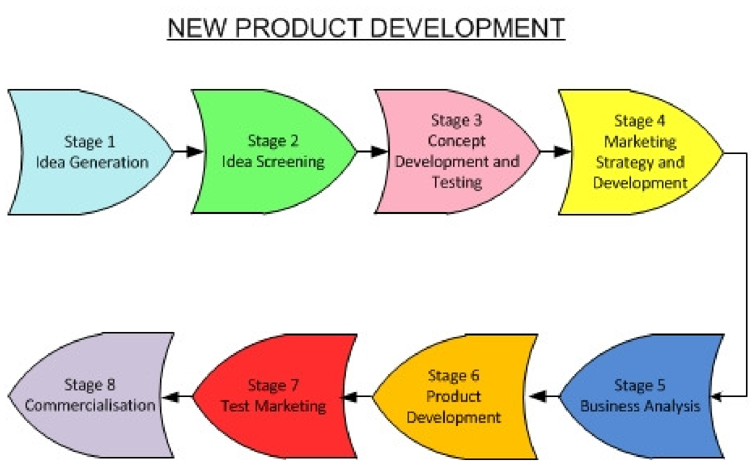
4. Enhancing the utility of a new product or upgrading features of an existing product, for the personal and/or commercial use, to expand the defined goal (objective).

   Product development involves risk of investing precious time, money (capital) and intellectual resources. Therefore, it is necessary that it is well-planned.

A good product development helps to:

1. Create new business opportunities and bring growth.
2. Boost productivity and profitability of the entrepreneurs.
3. Enhance the satisfaction levels of the consumers

New Product Development:



Stage 1: Idea Generation

New product ideas have to come from somewhere. But organisations get their ideas for NPD from:

- Market Research
- Employees
- Consultants
- Competitors
- Customers
- Distributors and Suppliers

Stage 2: Idea Screening

This process involves shifting through the ideas generated above and selecting ones which are feasible and workable to develop. Pursing non feasible ideas can clearly be costly for the company.

Stage 3: Concept Development and Testing

The organisation may have come across what they believe to be a feasible idea, however, the idea needs to be taken to the target audience. What do they think about the idea? Will it be practical and feasible? Will it offer the benefit that the organisation hopes it will? or have they overlooked certain issues? Note the idea taken to the target audience is not a working prototype at this stage, it is just a concept.

Stage 4: Marketing Strategy and Development

How will the product/service idea be launched within the market? A proposed marketing strategy will be written laying out the marketing mix strategy of the product, the segmentation, targeting and positioning strategy sales and profits that are expected.

Stage 5: Business Analysis

The company has a great idea, the marketing strategy seems feasible, but will the product be financially worthwhile in the long run? The business analysis stage looks more deeply into the Cash flow the product could generate, what the cost will be, how much market shares the product may achieve and the expected life of the product.

Stage 6: Product Development

At this stage the prototype is produced. The prototype will clearly run through all the desired tests, and presented to a selection of people made up of the target market segment to see if changes need to be made.

Stage 7: Test Marketing

Test marketing means testing the product within a specific area. The product will be launched within a particular region so the marketing mix strategy can be monitored and if needed modified before national launch.

Stage 8: Commercialization

If the test marketing stage has been successful the product will go for national launch. There are certain factors that need to be taken into account before a product is launched nationally. These include:

- timing of the launch,
- how the product will be launched,
- where the product will be launched,
- will there be a national roll out or
- will it be region by region

Conclusion

The eight stages of product development may seem like a long process but they are designed to save wasted time and resources. New product development ideas and prototypes are tested to ensure that the new product will meet target market needs and wants. There is a test launch during the test marketing stage as a full market launch is expensive. Finally the commercialization stage involves careful planning to maximize product success; a poor launch will affect product sales and could even affect the reputation and image of the new product.

Product lifecycle and product mix

A product passes through distinct stages during its life & is called product life cycle. The PLC is normally presented as a sales curve spanning the product's course from introduction to exit. The PLC concept says that each stage in the cycle is characterized by a typical marketer behaviour & each stage leads to a distinctive marketing strategy.
A product passes through 4 stages :–
(a) Introduction
(b) Growth
(c) Maturity
(d) Decline
Maturity
Sales
Time

(a) Introduction Stage : The product is in introductory stage. At this stage, there may not be a ready market for the product. Sales are low. Profit seems a remote possibility, demand has to be created & developed & consumers have to be prompted to try out the product. One of the crucial decisions to be taken in this stage is the pricing strategy to be adopted either market skimming or market penetration. Skimming strategy involved high price, taking advantage of early entry & the novelty of the product.
Penetration pricing involves low prices with a view to having a good market coverage. It also aims at keeping the competition out.

(b) Growth Stage : During the market growth stage, demand for the product increases & size of market grows. The sales & profits also go up. But by the time the marketer settles down with his product, competitors may enter the scene with similar or slightly improved versions. The marketer has to stay ahead of his competitor & has to reconsider his pricing strategy. He follows competition oriented pricing, because the total market is being shared among many firms. Marketing & distribution efficiency becomes decisive factor at this state.

(c) Maturity Stage : In the maturity stage, the demand tends to reach a saturation point & there is enough supply from competitive sources. Price competition becomes intense & exploits the brand loyalty. The marketer try out product & packaging modification, & promotional. Deals & make special offers to new market segments so that his sales volume does not shrink. Long term & short term marketing plans are implemented to profitably prolong the maturity stage.

(d) Decline Stage : In the decline stage, sales begin to fall. The demand for the product shrinks, probably due to new & functionally advanced products, becoming available in the market. The prices & margins get depressed, total sales & profits diminish. But some firms at this stage may try to link up the sales of these products with some other premium products they have developed & thus try to stretch the life of the decline product.
Thus, PLC concept helps & is used as a tool in formulating& implementing marketing strategy.

- It facilitates pre planning the product launch.
- Facilitates prolonging the profitable phase.
- Facilitates investment decisions on products.
- Facilitates choice of appropriate entry strategy.
- Facilitates choice of the right time to exit.
- Provides useful clues for managing customers.

Product Mix : A product mix is the set of all products & items a particular seller offers for sale. A product mix consist of various product line. A company's product mix has a certain width, length, depth & consistency. Eg. These concepts are illustrated through an example of Hindustan Unibuer Ltd. (HUL).
The width of a product mix refers to how many different products lines the company carries. The length of the product mix refers to the total number of items in the mix. This is obtained by dividing the total length (25) by the number of lines (11) or an average product length of less than.
The depth of product mix refers to how many variants are offered of each product in the line. Since lux comes in 4 scents (exotic flower petals & jojoba oil, almond oil & milk cream, fruit extracts & honey & sandal saffron in milk cream), it has a depth of 8. The consistency of the product mix refers to how closely related the various product lines are.

Product Mix and Product Line

Introduction

Businesses are continuously making critical decisions about their product range. Product decisions will include whether to develop new products and how to manage existing products. This article is about the different ways firms manage the type and number of products they sell and related terms.

Product Mix (Product Portfolio or Product Assortment)

The Product mix is the total variety of products a firm sells. Some firms will sell just one product, whilst others will sell a large number of different products. For example Samsung's product mix includes mobile phones, netbooks, tablets, televisions, fridges, microwaves, printers and memory cards. Firms should select their product mix carefully as they will need to generate a profit from each of the products in the product mix.

Product Line

Firms may decide to split their product mix into groups known as product lines. A product line is a number of products grouped together based on similar characteristics. The characteristic used to split products, will depend on the firm and its product strategy. They include product price, product quality, who the product is aimed at (target group), and product specification/features. For example Samsung's mobile phones are divided into product lines based on the following features; touch screens, slider/folders, QWERTY keyboards and bar phones. Product lines help firms manage their products as product strategy can be designed around product lines. This is useful if the firm has a large product mix as there is less need to concentrate on individual product type strategy.

Product Line Length

The product line length shows the number of different products in a product line. A long product line has lots of different products in it and a short product line has a small number of different products. The product manager's job is to work out how many products to include in the product line. If there are too many product types in a product line, they will begin to compete with each other, increase costs unnecessarily and even confuse customers. If the product line is too short it will limit customer choice and send customers to competitors with a greater selection of products.

Product Line Depth

Some of the product types in a product line may be split again into groups, the product line depth shows how many subgroups the product line contains. For example Samsung have split their mobile phones into the following product lines touch screens, slider/folders, QWERTY keyboards and bar phones. Each of these product lines can be further split into subgroups at the time of writing this article Samsung had 7 slider mobile phones and 32 touch screen mobile phones, 32 is a deep product line.

Product Mix Width

The product mix width is the number of product lines in the product mix. A wide product mix increases the type of customers a firm can target. However it may involve a lot of work as each product line will require a strategy and management. It could also reduce specialization as it is difficult to offer every variant of a product type if you are selling lots of different types of product. A narrow product mix may be easier to manage and allow the firm to specialize in particular product lines and product types. However a small product mix reduces the type of customers a firm can target as they can't cater for everyone's product "needs and wants".

Conclusion

Product selection is an important decision as the product is the item you are selling. Firms need to strike a balance between giving customer's choice and trying to cater for everybody by stocking too many products. Dividing products into product lines and the product line into further groups, helps firms to develop product strategies. It will also help them identify which product ranges sell well and which do not as each product line will be monitored.

Pricing

Price is all around us. We pay rent for our apartment, tuition for our education, airline, railways, buses charge you a fare, local bank charge interest for the money a fee to your doctor etc. Thus price is not just a number on a tag or an item.
Traditionally, price has been the major determinant of a buyer's choice & is the only element in the marketing mix that generates revenue. Pricing acquires its importance on account of yet another factor. It is a highly risky decision area & mistakes in pricing seriously affects the firm, its profits, growth & future.

Factors Influencing Pricing : There are internal as well as external factors that affect pricing :-

Internal Factors :
(i) Corporate & marketing objectives of the firm.
(ii) The image sought by the firm through pricing
(iii) The characteristic of the product
(iv) Price elasticity of demand of the product.
(v) Stage of product in its life cycle.
(vi) Use pattern & turnaround rate of the product.
(vii) Cost of manufacturing & marketing
(viii) Extent of differentiation practiced
(ix) Other elements of the marketing mix & their interaction with pricing
(x) Composition of the product line of the firm.

External Factors :
(i) Market characteristics (relative to demand, customer & competition)
(ii) Buyer behaviour in respect of the product
(iii) Bargaining power of major customers

(iv) Bargaining power of major suppliers

(v) Competitor's pricing policy
(vi) Government controls / regulation on pricing
(vii) Other relevant legal aspects
(viii) Societal consideration
Identify the various pricing objectives.

A business firm will have a number of objectives in the area of pricing. These objectives can be short term or long term or primary objectives :-
(i) Profit maximization in the short term.
(ii) Profit optimization in the long term.
(iii) A minimum return on investment
(iv) A minimum return on sales turnover.
(v) Achieving a particular sales volume.
(vi) Achieving a particular market share.
(vii) Deeper penetration of the market.
(viii) Entering new markets.
(ix) Target project on the entire product line.
(x) Keeping competition out, or keeping it under check.
(xi) Keeping parity with competition.
(xii) Fast turn around & early cash recovery.
(xiii) Stabilizing price & margins in the market.
(xiv) Providing the commodities at prices affordable by weaker section.
(xv) Providing the commodities at prices that will stimulate economic development.

Methods of pricing or different pricing strategies:

There are several methods of pricing & they can be grouped into few broad categories :-
(1) Cost Based Pricing
(2) Demand Based Pricing
(3) Competition Oriented Pricing
(4) Value Pricing
(5) Product Line Oriented Pricing
(6) Tender Pricing
(7) Affordability Based Pricing
(8) Differentiated Pricing.
(1) Cost Based Pricing : Under the cost based pricing, different methods used are :-

- Mark Up Pricing
- Absorption Cost Pricing
- Target Rate of Return Pricing
- Marginal Cost Pricing

Mark Up Pricing : It refers to the pricing methods in which the selling price of the product is fixed by adding a margin to its cost price. The mark ups may vary depending on the nature of the product & the market. Usually, the higher the value of the product, the larger is the mark up. Again, the slower the turnaround of the product, the larger is the mark up. Mark-up pricing proceeds on the assumption that demand cannot be known accurately, but costs are known.

Absorption Cost Pricing : ACP rests on the estimated unit cost of the product at the normal level of production & sales. The method uses standard costing techniques & works out the variable & fixed costs involved in manufacturing, selling & administering the product. By adding the costs of 3 operations, we get the total costs. The selling price of the product is arrived by adding the required margin towards profit to such total costs. The main merit of this method is that as long as the market can absorb the production at the determined price, the firm is assured of its profits without any risk & the main demerit is that the method simply assumes price to be a function of cost alone & this method becomes ineffective.

Target Rate of Return Pricing : It is similar to absorption cost pricing. The rate of return pricing uses a rational approach to arrive at the mark up. It is arrived in such a way that the ROI criteria of the firm is met in the process. But this process amounts to an improvement over absorption costing since it uses a rational basis for arriving at the mark up. Second, since the rate of return on the funds employed is a function of mark up as well as turnaround of capital employed, rate of return pricing constantly reminds the firm that there are 2 routes for profits- improvement in the capital turnover & increase in the mark up. The main limitation of the method is that the rate of return is linked to the level of production & sales assumed.

Marginal Cost Pricing : It aims at maximizing the contribution towards fixed costs. Marginal costs include all the direct variable costs of the product. In marginal cost pricing, these direct variable costs are fully realized. In addition, a portion of the fixed costs is also realized under competitive market conditions marginal cost pricing is more useful. Moreover, when a firm has a number of product lines marginal cost pricing is useful. This method is also useful in quoting for competitive tenders & in export marketing.
On the demerits side, marginal costing makes certain assumptions, regarding cost & revenue behaviours which can turn out to be incorrect in some cases. Moreover, while marginal costing rests on a two fold classification of cost into fixed costs & variable costs, in reality there can be a third class of costs – The Semi variable costs.

(2) Demand Based Pricing : The following methods belong to the category of demand / market based pricing :-

- What the Traffic can Bear' Pricing
- Skimming Pricing
- Penetration Pricing

What the Traffic can Bear' Pricing : The seller takes the maximum price that the customers are willing to pay for the product under the given circumstances. This method is used more by retail traders than by manufacturing firms. This method brings high profits in the short term. But in the long run it is not a safe concept, chances of errors in judgment are very high.

Skimming Pricing : This method aims at high price & high profits in the early stage of marketing the product. It profitably taps the opportunity for selling at high prices to those segments of the market, which do not bother much about the price. This method is very useful in the pricing of new products, especially those that have a luxury or specialty elements.

Penetration Pricing : Penetration pricing seeks to achieve greater market penetration through relatively low price. This method is also useful in pricing of new products under certain circumstances. For eg. when the new product is capable of bringing in large volume of sales, but it is not a luxury item & there is no affluent price insensitive segment, the firm can choose the penetration pricing & make large size sales at a reasonable price before competitors enter the market with a similar product. Penetration pricing in such cases will help the firm have a good coverage of the market & keep competition out for some time. In all demand based pricing methods, the price elasticity of demand is taken into account directly or indirectly. Price elasticity of demand refers to the relative sensitivity of demand for a product to changes in its price in other words how significantly the sales of the product are affected when price is changed. If an increase or decrease in the price of the product results in significant decrease or increase the product is said to be price elastic conversely, if price change does not significantly affect the sales volume, a product is said to be price inelastic.

(3) Competition Oriented Pricing : In a competitive economy, competitive oriented pricing methods are common. The methods in this category rest on the principle of competitive parity in the matter of pricing. Three policy options are available to the firm under this pricing method:-

- Premium Pricing
- Discount Pricing
- Parity Pricing

Premium pricing means pricing above the level adopted by competitors.
Discount pricing means pricing below such level & parity pricing means matching competitors pricing.
(4) Value Pricing : Value pricing is a modern innovative & distinctive method of pricing. Value pricing rests on the premise that the purpose of pricing is not to recover costs, but to capture the value of the product perceived by the customer. Analysis will readily show that the following scenario are possible with the cost value price chain.

- Value > Price > Costs
- Price > Value > Costs
- Price > Costs > Value
- Price > Value > Costs

Under Scenario :
(i) Marketer recovers his costs through price, but fails to recover the value of his product.
(ii) He recovers his costs as well as the value.
(iii) The value that he passes on to the customer is still lesser.
(iv) He matches the value & price & wins customer loyalty & since the value created is larger than his costs, he ensures his profits.

(5) Product Line Pricing: When a firm markets a variety of products grouped into suitable product lines, a special possibility in pricing arises. As the product in a given product line are related to each other, sales of one influence that of the others. They also have interrelated costs of manufacturing & distribution. It can fix the prices of the different product in such a manner that the product line as a whole is priced optimally, resulting in optimal sales of all the products put together & optimal total profits from the line.

(6) Tender Pricing : Business firms are often required to fix the prices of their products on a tender basis. It is more applicable to industrial products & products purchased by Institutional customers. Such customers usually go by competitive bidding through sealed tenders. They seek the best price consistent with the minimum quality specification & thus bag the order.

(7) Affordability Based Pricing : The affordability based pricing is relevant in respect of essential commodities, which meet the basic needs of all sections of people. Idea here is to set prices in such a way that all sections of the population are in a position to buy & consume the products to the required extent.

(8) Differentiated pricing - Some firms charge different prices for the same product in different zones/ areas of the market. Sometimes, the differentiation in pricing is made on the basis of customer class rather than marketing territory.

UNIT -III

The prime of object of production is its consumption. The movement of product from producer to consumer is an important function of marketing. It is the obligation of the producer to make goods available at right place, at right time right price and in right quantity. The process of making goods available to the consumer needs effective channel of distribution. Therefore, the path taken by the goods in its movement is termed as channel of distribution. The goods may be sent to the consumer directly or indirectly through middlemen. The channel of distribution may be classified as:

Selling through direct channels

This is the oldest, shorter and the simple channel of distribution. The producer sells the product directly without involvement of any middle man. The sale can be made door to door through salesman, retail stores and direct mail. Certain industrial and consumer goods such as clothes, shoes, books, hosiery goods, cosmetics, household appliances, electronic goods etc., may be sold through direct contact. Perishable goods such as vegetable and fruits can also be sold directly.

Advantage of selling through direct channels

- It is simple and fast.
- It is economical.

- The producer has full control over distribution.
- Satisfies the desire to reduce dependence on middle men.
- Cash sales.

Disadvantages of selling through direct channels

- Non-availability of expert services of middle man.
- Large investment is required.
- Unsuitable for small producers.

Methods of selling through direct channels

- Selling goods through own retail outlets.
- Selling goods through postal services.
- Selling goods through courier services.
- Selling goods against orders received, by telephone, email and fax is known as telemarketing. This method is being used by Asian Sky Shop. The product is delivered to the customer through producer's own vehicles, V.P.P. or courier.

Suitability of selling through direct channels

- Costly industrial goods such as computer, aircraft, heavy machinery etc.
- Perishable gods like fruits, vegetables, eggs, butter, milk etc.
- Household appliances.
- If customers purchase large quantities.
- In case the number of suppliers is small.

Selling through indirect channel

According to this method of indirect selling, product is passed on to the customers through intermediaries, known as wholesalers, retailers and agents. These channels may be as under:

Producers -> Wholesalers -> Retailers -> Customer Two level Channel: It is commonly used channel of distribution. It is also known as traditional or normal channel of distribution. This channel is useful for small producers for small means. The channel is used for consumer goods. The common practice is that the manufacturer sells goods in large quantity to wholesalers, who sell goods to retailers in small quantity. Finally goods are sold to customers in pieces.

Producer -> Agent -> Retailer -> Consumer or Two level Channel: The common practice in this two level channel is that the goods are sold to the agent in bulk. The agent sells goods to retailer, who sells goods to customers in pieces. This channel is suitable where the retailers are few and geographically centered. This channel is commonly used in textile, machinery, equipment and agricultural products.

Producer -> Agent -> Wholesaler -> Retailer -> Customer or Three level Channel: The common practice in this three level channel is that goods are sold by the producer to the agent, who sells it to the wholesaler, who sells to the retailers who finally sells goods to customers. This is the longest channel of distribution. This practice is useful, when the producer wants to the relieved of the problem of distribution. This channel is popularly used in textile.

Producer -> Retailer -> Customer or one level Channel: Under this channel the producer sells goods to retailers, who sell the goods to customers. This channel is popular with the departmental stores, chain stores and supermarkets etc., because these are large scale retailers. Generally readymade garments, shoes home appliances and automobiles are sold through this channel.

Designing & Managing Marketing Channel

Marketing channels are sets of interdependent organizations involved in the process of making product or service available for use or consumption.

Wholesalers and Retailers-Buy take title to and resell the merchandise; they are called

Merchants.
Other-brokers, manufactures' representatives, sales agent-Search for customers and may negotiate on the producer's behalf but don't take title to the goods; they are called

Agents.
Still others-Transportation companies, ware houses, banks, advertising agencies assist in the distribution process but neither take title to goods nor negotiate purchases or sales; they are called

Facilitators.
Role of Middlemen or Intermediaries

Information

Price Stability

Promotion

Financing

Title Factors determining length of the channel-

Size of the market

Order lot size

Service requirement

Product variety

Channel Design Decision

•Analyzing customer needs

•Establishing channel objectives

•Identifying major channel alternatives

•Evaluating major channel alternatives

1. Analyzing customer needs

The marketer must understand the service output levels desired by the target customer. Channel produces 5 service outputs:
1. Lot Size
2. Waiting & Delivery time
3. Spatial convenience
4. Product variety
5. Service backup

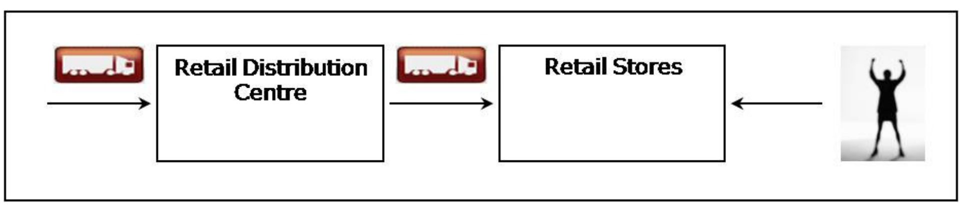
2. Establishing channel objectives
•Channel objective vary with the product characteristics.

3. Identifying major channel alternatives
the types of available business intermediaries. The no. of intermediaries needed- Exclusive distribution, Selective distribution, Intensive distribution. The terms & responsibility of each channel members-price policies, conditions of sale, territorial rights

4 **Evaluating the major alternatives**
a. Economic criteria. Control & adaptive criteria

Physical distribution

Physical distribution involves the handling, movement, and storage of goods from the point of origin to their point of consumption or use, via various channels of distribution. Logistics management involves the management of these operations for efficient and cost effective physical distribution. It should be clear the last 50 meters are becoming more and more dominant in these types of supply chains. On the other hand, we observe that this last link in the supply chain is also the weakest in terms of operational performance. Although manufacturers manage to deliver with over 99% reliability to the retailer's distribution centre or the stores, the on-shelf availability in many cases does not even reach 90%.
Studies report that approximately 40-50% of total retail logistics costs are due to transportation. Besides these internal costs incurred by the retailer, the resulting external costs, measured by the congestion pressure on the road network also needs to be considered. Almost one quarter of all road freight movements (measured in tonne-kms) are due to the retail sector and this share is still growing due to the increasing demands of the customers. Moreover, in 22% of all cases the trucks were running empty and the average truck utilization was only around 75%, demonstrating the potential operational improvements in transportation.
In this research program, we aim to explore the modeling and optimization issues that are faced by the relevant decision makers in the last part of the supply chain (see figure). We observed that these last links in the supply chain are the weakest in terms of operational performance



Main research questions
Research is split up in two large areas: retail operations and transportation planning under uncertainty. Typical research questions are listed below.
Retail Operations

- Efficient Inventory Replenishment: we quantify the advantages which can be gained when a new inventory replenishment strategy is used. We study the inventory replenishment for both perishable and non-perishable items.
- Out-of-stocks reduction through effective backroom management or promotion forecasting: A large part of the out-of-stocks in retail is caused by backrooms which are not managed properly or by poor demand forecasting when a product is on promotion. For this environment we develop rules to reduce the number of out-of-stocks.
- The link between marketing and operations: Current model-based research on retail operations is primarily focused on either inventory/logistics or marketing. The idea is

however that when looking to the same reality (retail chain) both marketing and operations take a different angle. As such, an integral view is necessary.

- The interaction between inventory, dispatching policies and routing decisions in a retail environment: The main objective is to assess and analyze the specific interaction between retail inventory replenishment policies, dispatching policies and truck routing decisions. It is argued that many important interactions exist between each of these components that cannot be ignored. Both from a practice point of view and from an academic point of view, in-depth knowledge of these interactions is missing, leading to suboptimal decision making.

Transportation planning under uncertainty

- **Real-life variants of routing problems:** Many more variants of routing problems need to be considered in a real-life environment setting considering dynamics.
- **Green logistics:** Different alternatives need to be explored on how to consider the emissions in the VRP modeling framework. One of the challenges in this research question is to incorporate the external costs models into the optimization problems faced both by the company decision makers and by public sector decision makers.
- **Online routing problems:** The only certain thing is that any plan, once realized, goes wrong. No matter how good we can make the offline schedule, the realization will still be different. Moreover, not everything can or should be taken into account in the offline schedule. It is thus important, given the potential future realizations, to determine the right reaction or repair policies.

Managing Retailing

The act through which goods and services reach the end customer for individual or business usage is known as retailing. The players involved in this act are known as retailers. Retailers can be manufactures, distributors or wholesalers. They can reach the end customer through the internet or physical stores. Retail organizations are divided into three categories store retailers, non-store retailers and retail organization. Store retailing, the best example is the department store like Macy or Sears. Store retailers are further divided on the service level with self service, self selection, limited service and full service stores. Store retailing comprises over 90% in way products reach the end customer.

Over the years non-store retailing has garnered a market share. Non-store retailing includes direct selling, direct marketing, automatic vending and buying service. Avon is an example of direct selling. Internet retail giant Amzon.com is an example of direct marketing. Soft drink vending machines are a form of automatic vending.

Retail organizations are retailing stores under direct ownership of corporate. Customer satisfaction and brand management becomes easier through retail organizations. Corporate chain store like Old Navy and Franchises like McDonald's are good examples of retail organizations. Every retailer needs to have a business or marketing strategy for success. Retailer needs to analyze its target market and customers for an in-store promotion and product assortment. Services form a big part of retailing business, so retailers have to finalize level of service. Services include pre-purchase, post purchase and supporting services. With the advent of technology and unprecedented economic growth, retailing has its own share of change in business ways.

Wholesaling

The act of purchasing goods for consumer and industry for further resale is referred to as wholesaling. Here, manufactures and farmers are not considered as wholesalers.

Wholesaler is an important part of the marketing channel. Wholesaler increases reach of the company products and the risk of selling to the customers. Wholesaler can store inventory of various assortment of product thus helping cost for company and time for customers. Wholesaler can serve as ears and eyes for the company in understanding competition and customer.

Marketing Logistics

The supply chain management is essential for companies to improve productivity and reduce costs. The purpose of marketing logistic is to design and implement infrastructure, which will deliver goods from the point of origin to point of sell in an effective and least cost manner. This objective mix of high customer satisfaction and lowest cost possible are asymmetrical. The major decision involved with marketing logistic relate to order processing, warehousing, inventory and transportation. Companies look forward to shortening order to payment cycle. A long cycle will lead to decrease in customer satisfaction and company's profit. Companies have to set benchmarks at each level from sales people receiving orders to receiving payment from creditors.

Warehousing for finished goods is another important hub for companies. There has to be a right balance between sales order and quantity of finished goods. Warehousing at strategic locations increases timely delivery of goods and reducing in inventory. Technology has helped in improving warehousing standards.

Piled up inventory is not a good sign for the company. Inventory management involves making decision with time and quantity of raw materials for matching customer requirements.

Management principle like Just In Time (JIT) are used for better inventory management. In JIT focus is to develop well time flow of raw materials and finished goods.

Transportation and freight cost plays an important role in final pricing, delivery and condition of raw materials as well as finished products. Here companies need to make the decision, whether to use a private carrier (company ownership), contractual (Outside agency) or common carrier (service shared at standard rates).

Retailing, wholesaling and logistic decision are very important to deliver value to end customers

Logistics and Supply Chain Management

Logistics and supply chain management play an essential part, within Operations, Marketing and Sales, After Sales and across the entire organisation. We manufacture our trucks according to the build-to-order principle. DAF also works with direct line feeding, where parts are delivered in the order in which they are required in the production process. All of this puts significant demands on the organization of our logistics - a challenge for logistics professionals.

Sophisticated logistics is important not only for the production of our trucks, but also for their distribution. Every day, dozens of truck combinations with DAFs start their journey to customers all over the world, an operation that requires considerable planning and organizational skills, and where a flexible attitude is a primary requirement.

Logistics and supply chain management play an essential role within PACCAR Parts Europe. From advanced parts distribution centers in Europe, this organization sends almost 400,000 parts shipments each year across the whole of Europe and beyond. All of this is done with just one goal: maximum availability of the customers' trucks. We use DAF's sophisticated stock planning processes and intelligent IT systems, which are often developed in-house, to achieve this.

Are you ready for a logistical challenge? Then apply directly.

Examples of positions within Logistics:

Materials Planner

Production Planner

Logistics Engineer

Materials Management Manager

Logistics Manager

Supply chain management (SCM) is the management of an interconnected or interlinked between network, channel and node businesses involved in the provision of product and service packages required by the end customers in a supply chain.[2] Supply chain management spans the movement and storage of raw materials, work-in-process inventory, and finished goods from point of origin to point of consumption.

Another definition is provided by the APICS Dictionary, which defines SCM as the "design, planning, execution, control, and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally."

SCM draws heavily from the areas of operations management, logistics, procurement, and information technology, and strives for an integrated approach

Unit 4

A specific combination of promotional methods used for one product or a family of products. Elements of a promotion mix may include print or broadcast advertising, direct marketing, personal selling, point of sale displays, and/or merchandising.

There are five main aspects of a promotional mix. These are:

Advertising - Presentation and promotion of ideas, goods, or services by an identified sponsor. Examples: Print ads, radio, television, billboard, direct mail, brochures and catalogs, signs, in-store displays, posters, motion pictures, Web pages, banner ads, and emails.

Personal selling - A process of helping and persuading one or more prospects to purchase a good or service or to act on any idea through the use of an oral presentation. Examples: Sales presentations, sales meetings, sales training and incentive programs for intermediary salespeople, samples, and telemarketing. Can be face-to-face selling or via telephone.

Sales promotion - Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples: Coupons, sweepstakes, contests, product samples, rebates, tie-ins, self-liquidating premiums, trade shows, trade-ins, and exhibitions.

Public relations - Paid intimate stimulation of supply for a product, service, or business unit by planting significant news about it or a favorable presentation of it in the media. Examples: Newspaper and magazine articles/reports, TVs and radio presentations, charitable contributions, speeches, issue advertising, and seminars.

Direct Marketing is a channel-agnostic form of advertising that allows businesses and nonprofits to communicate straight to the customer, with advertising techniques such as mobile messaging, email, interactive consumer websites, online display ads, fliers, catalog distribution, promotional letters, and outdoor advertising.

Corporate image -Corporate image may also be considered as the sixth aspect of promotion mix. The image of an organization is a crucial point in marketing. If the reputation of a company is bad, consumers are less willing to buy a product from this company as they would have been, if the company had a good image. Sponsorship is sometimes added as an seventh aspect.

Push V/S Pull Strategy

Push strategy

Meaning of the push strategy in marketing can be found in the communication between seller and buyer. Depending on the medium used, the communication can be either interactive or non-interactive. For example, if the seller makes his promotion by television or radio, it's not possible for the buyer to interact. On the other hand, if the communication is made by phone or internet, the buyer has possibilities to interact with the seller. In the first case information is just "pushed" toward the buyer, while in the second case it is possible for the buyer to demand the needed information according to their requirements.

Applied to that portion of the supply chain where demand uncertainty is relatively small

Production and distribution decisions are based on long term forecasts

Based on past orders received from retailer's warehouse (may lead to Bullwhip effect)

Inability to meet changing demand patterns

Large and variable production batches

Unacceptable service levels

Excessive inventories due to the need for large safety stocks

Less expenditure on advertising than pull strategy

Pull strategy

In a marketing "pull" system, the consumer requests the product and "pulls" it through the delivery channel. An example of this is the car manufacturing company Ford Australia. Ford Australia only produces cars when they have been ordered by the customers.

Applied to that portion of the supply chain where demand uncertainty is high

Production and distribution are demand driven

No inventory, response to specific orders

Point of sale (POS) data comes in handy when shared with supply chain partners

Decrease in lead time

Difficult to implement

UNIT-IV

Advertising is nothing but a paid form of non-personal presentation or promotion of ideas, goods or services by an identified sponsor with a view to disseminate information concerning an idea, product or service. The message which is presented or disseminated is called advertisement. In the present day marketing activities hardly is there any business in the modern world which does not advertise. However, the form of advertisement differs from business to business.

Advertisement has been defined differently by different persons. A few definitions are being reproduced below:

According to Wood, "Advertising is causing to know to remember, to do."

According to Wheeler, "Advertising is any form of paid non-personal presentation of ideas, goods or services for the purpose of inducting people to buy."

According to Richard Buskirk, "Advertising is a paid form of non-personal presentation of ideas, goods or services by an identified sponsor."

According to William J. Stanton, "Advertising consists of all the activities involves in presenting to a group, a non-personal, oral or visual, openly sponsored message regarding disseminated through one or more media and is paid for by an identified sponsor."

The above definitions clearly reveal the nature of advertisement. This is a powerful element of the promotion mix. Essentially advertising means spreading of information about the characteristics of the product to the prospective customers with a view to sell the product or increase the sale volume.

The main features of advertise are as under:

It is directed towards increasing the sales of business.

Advertising is a paid form of publicity

It is non-personal. They are directed at a mass audience and nor at the individual as is in the case of personal selling.

Advertisements are identifiable with their sponsor of originator which is not always the case with publicity or propaganda.

Objective / Functions of advertising

The purpose of advertising is nothing but to sell something -a product, a service or an idea. The real objective of advertising is effective communication between producers and consumers. The following are the main objectives of advertising:

Preparing Ground for New Product

New product needs introduction because potential customers have never used such product earlier and the advertisement prepares a ground for that new product.

Creation of Demand

The main objective of the advertisement is to create a favorable climate for maintaining of improving sales. Customers are to be reminded about the product and the brand. It may induce new customers to buy the product by informing them its qualities since it is possible that some of the customers may change their brands.

Facing the Competition

Another important objective of the advertisement is to face to competition. Under competitive conditions, advertisement helps to build up brand image and brand loyalty and when customers have developed brand loyalty, becomes difficult for the middlemen to change it.

Creating or Enhancing Goodwill:

Large scale advertising is often undertaken with the objective of creating or enhancing the goodwill of the advertising company. This, in turn, increases the market receptiveness of the company's product and helps the salesmen to win customers easily.

Informing the Changes to the Customers

Whenever changes are made in the prices, channels of distribution or in the product by way of any improvement in quality, size, weight, brand, packing, etc., they must be informed to the public by the producer through advertisement.

Neutralizing Competitor's Advertising

Advertsing is unavoidable to complete with or neutralize competitor's advertising. When competitors are adopting intensive advertising as their promotional strategy, it is reasonable to follow similar practices to neutralize their effects. In such cases, it is essential for the manufacturer to create a different image of his product.

Benefits or Importance of Advertisement

Advertising broadens the knowledge of the consumers. With the aid of advertising, consumers find and buy necessary products without much waste of time. This speeds up the sales of commodities, increases the efficiency of labor in distribution, and diminishes the costs of selling. It is an accepted fact that without market stimulus of heavy advertising, consumers might have waited another sixty years for the product evaluation that took place in less than ten years - it took after all over sixty years from the invention of the safety razor before the first acceptable stainless steel blades appeared in the market. These words are more than enough to testify the potentialities of advertising in the field of modern marketing system. The main benefits of advertising may be narrated as follows:

Benefits to Manufacturers

It increases sales volume by creating attraction towards the product.

It helps easy introduction of new products into the markets by the same manufacturer.

It helps to create an image and reputation not only of the products but also of the producer or advertiser. In this way, it creates goodwill for the manufacturer.

Retail price, maintenance is also possible by advertising where price appeal is the promotional strategy.

It helps to establish a direct contact between manufacturers and consumers.

It leads to smoothen the demand of the product. It saves the product from seasonal fluctuations by discovering new and new usage of the product.

It creates a highly responsive market and thereby quickens the turnover that results in lower inventory.

Selling cost per unit is reduced because of increased sale volume. Consequently, product overheads are also reduced due to mass production and sale.

Advertising gives the employees a feeling of pride in their jobs and to be in the service of such a concern of repute. It, thus inspires the executives and worker to improve their efficiency.

Advertising is necessary to meet the competition in the market and to survive.

Benefits to Wholesalers and Retailers

Easy sale of the products is possible since consumers are aware of the product and its quality.

It increases the rate of the turn-over of the stock because demand is already created by advertisement.

It supplements the selling activities.

The reputation created is shared by the wholesalers and retailers alike because they need not spend anything for the advertising of already a well advertised product.

It ensures more economical selling because selling overheads are reduced.

It enables them to have product information.

Benefits to Consumers

Advertising stresses quality and very often prices. This forms an indirect guarantee to the consumers of the quality and price. Further large scale production assumed by advertising enables the seller to seller product at a lower cost.

Advertising helps in eliminating the middlemen by establishing direct contacts between producers and consumers. It results in cheaper goods.

It helps them to know where and when the products are available. This reduces their shopping time.

It provides an opportunity to the customers to compare the merits and demerits of various substitute products.

This is perhaps the only medium through which consumers could know the varied and new uses of the product.

Modern advertisements are highly informative.

Benefits to Salesmen

Salesmanship is incomplete without advertising. Advertising serves as the forerunner of a salesman in the distribution of goods. Sales are benefited the advertisement in following ways:

Introducing the product becomes quite easy and convenient because manufacturer has already advertised the goods informing the consumers about the product and its quality.

Advertising prepares necessary ground for a salesman to begin his work effectively. Hence sales efforts are reduced.

The contact established with the customer by a salesman is made permanent through effective advertising because a customer is assumed of the quality and price of the product.

The salesman can weigh the effectiveness of advertising when he makes direct contact with the consumers.

Benefits to Community or Society

Advertising, in general, is educative in nature. In the words of the late President Roosevelt of the U.S.A., "Advertising brings to the greatest number of people actual knowledge concerning useful things: it is essentially a form of education and the progress of civilization depends on education."

Advertising leads to a large-scale production creating more employment opportunities to the public in various jobs directly or indirectly.

It initiates a process of creating more wants and their satisfaction higher standard of living. For example, advertising has made more popular and universal the uses of such inventions as the automobiles, radios, and various household appliances.

Newspapers would not have become so popular and so cheap if there had been no advertisements. The cheap production of newspapers is possible only through the publication of advertisements in them. It sustains the press.

It assures employment opportunities for the professional men and artist.

Advertising does provide a glimpse of a country's way of life. It is, in fact, a running commentary on the way of living and the behavior of the people and is also an indicator of some of the future in this regard.

Various media for Advertising

Advertising media are the means to transmit the message of the advertiser to the desired class of people. Channels or vehicle by which an advertising message is brought to the notice of the prospective buyer:

Types of Media Television advertising / Music in advertising

The TV commercial is generally considered the most effective mass-market advertising format, as is reflected by the high prices TV networks charge for commercial airtime during popular TV events. The annual Super Bowl football game in the United States is known as the most prominent advertising event on television. The average cost of a single thirty-second TV spot during this game has reached US$3.5 million (as of 2012). Some television commercials feature a song or jingle that listeners soon relate to the product. Virtual advertisements may be inserted into regular television programming through computer graphics. It is typically inserted into otherwise blank backdrops or used to replace local billboards that are not relevant to the remote broadcast audience. More controversially, virtual billboards may be inserted into the background where none exist in real-life. This technique is especially used in televised sporting events. Virtual product placement is also possible.

Infomercials

An infomercial is a long-format television commercial, typically five minutes or longer. The word "infomercial" is a portmanteau of the words "information" & "commercial". The main objective in an infomercial is to create an impulse purchase, so that the consumer sees the presentation and then immediately buys the product through the advertised toll-free telephone number or website. Infomercials describe, display, and often demonstrate products and their features, and commonly have testimonials from consumers and industry professionals.

Radio advertising

Radio advertising is a form of advertising via the medium of radio. Radio advertisements are broadcast as radio waves to the air from a transmitter to an antenna and a thus to a receiving device. Airtime is purchased from a station or network in exchange for airing the commercials. While radio has the limitation of being restricted to sound, proponents of radio advertising often cite this as an advantage. Radio is an expanding medium that can be found not only on air, but also online. According to Arbitron, radio has approximately 241.6 million weekly listeners, or more than 93 percent of the U.S. population.

Online advertising

Online advertising is a form of promotion that uses the Internet and World Wide Web for the expressed purpose of delivering marketing messages to attract customers. Online ads are delivered by an ad server. Examples of online advertising include contextual ads that appear on search engine results pages, banner ads, in text ads, Rich Media Ads, Social network advertising, online classified advertising, advertising networks and e-mail marketing, including e-mail spam.

New media

Technological development and economic globalization favors the emergence of new and new communication channels and new techniques of commercial messaging.

Product placements

Covert advertising is when a product or brand is embedded in entertainment and media. For example, in a film, the main character can use an item or other of a definite brand, as in the movie Minority Report, where Tom Cruise's character John Anderton owns a phone with the Nokia logo clearly written in the top corner, or his watch engraved with the Bulgari logo. Another example of advertising in film is in I, Robot, where main character played by Will Smith mentions his Converse shoes several times, calling them "classics," because the film is set far in the future. I, Robot and Spaceballs also showcase futuristic cars with the Audi and Mercedes-Benz logos clearly displayed on the front of the vehicles. Cadillac chose to advertise in the movie The Matrix Reloaded, which as a result contained many scenes in which Cadillac cars were used. Similarly, product placement for Omega Watches, Ford, VAIO, BMW and Aston Martin cars are featured in recent James Bond films, most notably Casino Royale. In "Fantastic Four: Rise of the Silver Surfer", the main transport vehicle shows a large Dodge logo on the front. Blade Runner includes some of the most obvious product placement; the whole film stops to show a Coca-Cola billboard.

Press advertising

Press advertising describes advertising in a printed medium such as a newspaper, magazine, or trade journal. This encompasses everything from media with a very broad readership base, such as a major national newspaper or magazine, to more narrowly targeted media such as local newspapers and trade journals on very specialized topics. A form of press advertising is classified advertising, which allows private individuals or companies to purchase a small, narrowly targeted ad for a low fee advertising a product or service. Another form of press advertising is the Display Ad, which is a larger ad (can include art) that typically run in an article section of a newspaper.

Billboard advertising

Billboards are large structures located in public places which display advertisements to passing pedestrians and motorists. Most often, they are located on main roads with a large amount of passing motor and pedestrian traffic; however, they can be placed in any location with large amounts of viewers, such as on mass transit vehicles and in stations, in shopping malls or office buildings, and in stadiums.

The RedEye newspaper advertised to its target market at North Avenue Beach with a sailboat billboard on Lake Michigan.

Mobile billboard advertising

Mobile billboards are generally vehicle mounted billboards or digital screens. These can be on dedicated vehicles built solely for carrying advertisements along routes preselected by clients, they can also be specially equipped cargo trucks or, in some cases, large banners strewn from planes. The billboards are often lighted; some being backlit, and others employing spotlights. Some billboard displays are static, while others change; for example, continuously or periodically rotating among a set of advertisements. Mobile displays are used for various situations in metropolitan areas throughout the world, including: Target advertising, One-day, and long-term campaigns, Conventions, Sporting events, Store openings and similar promotional events, and Big advertisements from smaller companies.

In-store advertising

In-store advertising is any advertisement placed in a retail store. It includes placement of a product in visible locations in a store, such as at eye level, at the ends of aisles and near checkout counters (aka POP—Point Of Purchase display), eye-catching displays promoting a specific product, and advertisements in such places as shopping carts and in-store video displays.

Coffee cup advertising

Coffee cup advertising is any advertisement placed upon a coffee cup that is distributed out of an office, café, or drive-through coffee shop. This form of advertising was first popularized in Australia, and has begun growing in popularity in the United States, India, and parts of the Middle East.

Street advertising

This type of advertising first came to prominence in the UK by Street Advertising Services to create outdoor advertising on street furniture and pavements. Working with products such as Reverse Graffiti, air dancers and 3D pavement advertising, the media became an affordable and effective tool for getting brand messages out into public spaces.

Sheltered Outdoor Advertising

This type of advertising opens the possibility of combining outdoor with indoor advertisement by placing large mobile, structures (tents) in public places on temporary bases. The large outer advertising space exerts a strong pull on the observer, the product is promoted indoor, where the creative decor can intensify the impression.

Celebrity branding

This type of advertising focuses upon using celebrity power, fame, money, popularity to gain recognition for their products and promote specific stores or products. Advertisers often advertise their products, for example, when celebrities share their favorite products or wear clothes by specific brands or designers. Celebrities are often involved in advertising campaigns such as television or print adverts to advertise specific or general products. The use of celebrities to endorse a brand can have its downsides, however. One mistake by a celebrity can be detrimental to the public relations of a brand. For example, following his performance of eight gold medals at the 2008 Olympic Games in Beijing, China, swimmer Michael Phelps' contract with Kellogg's was terminated, as Kellogg's did not want to associate with him after he was photographed smoking marijuana. Celebrities such as Britney Spears have advertised for multiple products including Pepsi, Candies from Kohl's, Twister, NASCAR, Toyota and many more.

Consumer-generated advertising

This involves getting consumers to generate advertising through blogs, websites, wikis and forums, for some kind of payment.

PERSONNEL SELLING

Delivery of a specially designed message to a prospect by a seller, usually in the form of face-to-face communication, personal correspondence, or a personal telephone conversation.

Unlike advertising, a personal sales message can be more specifically targeted to individual prospects and easily altered if the desired behavior does not occur.

Nature of Personal Selling

Gives marketers:

- The greatest freedom to adjust a message to satisfy customers informational needs, dynamic.
- Most precision, enabling marketers to focus on most promising leads. vs. advertising, publicity and sales promotion
- Give more information
- Two way flow of information, interactivity.
- Discover the strengths and weaknesses of new products and pass this information on to the marketing department.
- Highest cost. Businesses spend more on personal selling than on any other form of promotional mix.
- Goals range from
  - finding prospects
  - convincing prospects to buy
  - keeping customers satisfied--help them pass the word along.

Types of Sales Persons

Order Takers

Seek repeat sales, make certain that customers have sufficient product quantities where and when they need it. Do not require extensive sales effort. Arrange displays, restocks them, answer phone calls. Low compensation, little training required. High turnover of personnel. 2 types:

Inside Order Takers receive orders by mail/phone, sales person in a retail store.

Field Order Takers travel to customers. Use laptop computers to improve tracking of inventory and orders etc.

Order Getters

Sell to new customers and increase sales to present customers, sometimes called creative selling.

Generate customer leads, provide information, persuading customers and closing sales. Required for high priced, complex and/or new products. High pressure requires expensive, time consuming training.

Support Personnel

Facilitate the selling function. Primarily business to business products.

Missionary Salespeople Distribute information regarding new goods or services, describes attributes and leaves materials, does not close sales. Assist producers' customers in selling to their own customers. IE call on retailers and persuade them to carry the product. Pharmaceuticals may go to doctor's offices and persuade them to carry their products.

Trade Salespeople May perform order taking function as well. Spend much time helping customers, especially retail stores, to promote the product. Restock the shelves, set up displays. Technical Salespersons Offer technical assistance to current customers. Usually trained engineers etc.

Service Salespeople interacts with customers after sale is complete.

Team selling...entire team of selling professionals in selling to and servicing major customers, especially when specialized knowledge is needed to satisfy different interests in customers' buying centers.

Elements of the Personal Selling Process

Prospecting and Evaluating

Seek names of prospects through sales records, referrals etc., also responses to advertisements. Need to evaluate if the person is able (Undergraduate degree to attend a graduate program), willing and authorized to buy. Blind prospecting-rely on phone directory etc.

Pre approach (Preparing)

Review key decision makers esp. for business to business, but also family

Assess credit histories

Prepare sales presentations

Identify product needs.

Helps present the presentation to meet the prospects needs.

Approaching the Customer

Manner in which the sales person contacts the potential customer. First impression of the sales person is Lasting and therefore important.

Strive to develop a relationship rather than just push the product.

Can be based on referrals, cold calling or repeat contact.

Making the Presentation

Need to attract and hold the prospects Attention to stimulate Interest and stir up Desire in the product so the potential customer takes the appropriate Action. AIDA

Try to get the prospect to touch, hold or try the product. Must be able to change the presentation to meet the prospect needs.

Three types of presentations:

Stimulus Response Format: Appropriate stimulus will initiate a buy decision, use one appeal after another hoping to hit the right button...Counter Clerk @ McDonald's "Would you like fries with your burger?"

Formula Selling Format: (Canned Sales Presentation) memorized, repetitive, given to all customers interested in a specific product.

Good for inexperienced sales people.

Better with heavily advertised items that are presold.

Telemarketing a credit card!!

Need Satisfaction Format: Based on the principal that each customer has a different set of needs/desires., therefore the sales presentation should be adapted to the individual customer's needs; this is a key advantage of personal selling vs. advertising.

Overcoming Objections

Seek out objections and address them.

Anticipate and counter them before the prospect can raise them.

Try to avoid bringing up objections that the prospect would not have raised.

Price objection is the most common

Need to provide customers with reasons for the $s, build up the value before price is mentioned

Must be convinced of price in own mind before you can sell to customer.

Get budget info. On buyer before you try to sell, and must know what they want, must sell service on top of product augmented product--to create value!!

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Closing

Ask prospect to buy product/products. Use trial closes, IE ask about financial terms, preferred method of delivery.

Need to be prepared to close at any time. The following are popular closing techniques:

Trial Close (Minor decision close)

Assumptive close (Implied consent close)

Urgency close

Ask for the sale close

Following Up

Must follow up sale; determine if the order was delivered on time, installation OK etc. Also helps determine the prospects future needs. Accomplishes four objectives:

Customer gain short term satisfaction

Referrals are stimulated

In the long run, repurchase

Prevent cognitive dissonance

Sales Promotion

Sales promotion is one level or type of marketing aimed either at the consumer or at the distribution channel (in the form of sales-incentives). It is used to introduce new product, clear out inventories, attract traffic, and to lift sales temporarily.

Sales promotion is one level or type of marketing aimed either at the consumer or at the distribution channel (in the form of sales-incentives). It is used to introduce new product, clear out inventories, attract traffic, and to lift sales temporarily. It is more closely associated with the marketing of products than of services. The American Marketing Association (AMA), in its Web-based "Dictionary of Marketing Terms," defines sales promotion as "media and non media marketing pressure applied for a predetermined, limited period of time in order to stimulate trial, increase consumer demand, or improve product availability."

Types of sampling

Free Samples

Distributing free samples introduces a new product to the market to generate demand. Samples should be small, but they must be large enough to provide customers with an adequate experience of your product. Give samples to representatives of your target market. If you are at an exhibition or trade show, have a limited supply of your free samples available for view; this tells people that your product is in high demand, and it stops customers from hoarding samples.

Coupons and Discounts

Coupons or discounts are distributed by mail, published in newspapers and magazines or delivered in person. Coupon distribution pulls customers in and encourages them to buy within a specific period. A picture of your product or service should be included on a coupon, along with the discount rate and expiration date. Target customers who would not normally purchase your product or service.

Mystery Rewards

Scratch-and-win cards or raffles for prizes are other popular promotional tools. The key is to offer these rewards only after the customer has agreed to purchase your product or service.

Money Back Offers

When customers doubt the quality or reliability of your product or service, offer a money-back guarantee. Give a detailed explanation of eligible returns and refunds available for customer reference.

Branded Pens and Magnets

Customers like to receive free products that they can use, such as pens, sticky notes and magnets. Distribute these products with your company's name and phone number branded on them. Customers will be reminded of your product or service whenever they use it. These items can be manufactured in bulk, and they cost a fraction of what sales will pay you.

Objective and purpose:

The main objective of sales promotion is to bring about a change in the demand pattern of products and services. Basically, sales promotion has three specific objectives. First, it is meant to provide important marketing information to the potential buyers.

The second objective is to convince and influence the potential buyers through persuasive measures. Thirdly, sales promotion is meant to act as a powerful tool of competition. The specific objectives of sales promotion are as follows:

a. To introduce new products or services:

Sales promotion is often used to motivate prospective consumers to try new products and services. Dealers are also induced to introduce new products and services in the market. Usually, free samples are provided through dealers during such introduction. Similarly, discounts in cash or goods may also be offered to dealers to stock new products or deal with new services. Free samples, trade discounts, cash discounts are basically sales promotion measures.

b. To attract new customers:

Sales promotion measures also play an important role in attracting new customers for an organisation. Usually, new customers are those persons that are won away from other firms. Samples, gifts, prizes, etc. are used to encourage consumers to try a new brand or shift their patronage to new dealers.

c. To induce existing customers to buy more:

Sales promotion devices are most often used to induce the existing customers of a firm to buy more. Product development, offering three products at the cost of two, discount coupons, are some of the sales promotion devices used by firms to motivate the existing buyers to buy more of a specific product.

d. Helps the firm to remain competitive:

Most of the companies undertake sales promotion activities in order to remain in the competitive market. Therefore, in the modern competitive world no firm can escape the responsibility of undertaking sales promotion activities.

e. To increase sales in off-seasons:

Many products like air-coolers, fans, refrigerators, air-conditioners, cold drinks, room heaters, etc. have seasonal demand. Manufacturers and dealers dealing with such type of goods make every effort to maintain a stable demand throughout the year.

In other words, firms try to encourage the purchase of such goods in off-seasons also. That is the main reason behind discounts and off-season price reductions of such items in the market during slack seasons.

f. To add to the stock of the dealers:

Dealers like wholesalers and retailers usually deal with a variety of goods. Their selling activity becomes easier when the manufacturer supplements their efforts by sales promotion measures. When a product or service is well supported by sales promotion, dealers are automatically induced to have more of such items.

Publicity is the deliberate attempt to manage the public's perception of a subject. The subjects of publicity include people (for example, politicians and performing artists), goods and services, organizations of all kinds, and works of art or entertainment.

Publicity is the act of attracting the media attention and gaining visibility with the public, it necessarily needs the compliment of the media it cannot be done internally because it requires the attention of the publicist and it is the publicist that carries out publicity while PR is the strategic management function that helps an organization communicate, establish and maintain relation with the important audiences, It can be done internally without the use of media

Public relations (PR) are the practice of managing the spread of information between an individual or an organization and the public. Public relations may include an organization or individual gaining exposure to their audiences using topics of public interest and news items that do not require direct payment. The aim of public relations by a company often is to persuade the public, investors, partners, employees, and other stakeholders to maintain a certain point of view about it, its leadership, products, or of political decisions. Common activities include speaking at conferences, winning industry awards, working with the press, and employee communication.

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Compiled by
Kalpana Vedmitra
Sr. Asst. Prof.
FIMT