



UNIT 5

Concept of Market

Learning Objectives

After reading this unit the student will be able to:

- Understand the concept of market and its evolution over the time.
- Understand the meaning and concept E-Business and E-Commerce. Its role in the modern day business community.
- Analyze the Market Environment at Micro and Macro Level.
- Explain the techniques of Market Research and the instruments used in the same. Appreciate the role of Market Survey as a source of collecting market information.
- Understand the strategy of market expansion and development.
- Understand the elements of trade and commerce
- Explain the concept of marketing mix and the four P's of marketing.
- Understand the concept, role and importance of Price.

Market, Market, Where Are You?

Remember the days of Junior School, when the one often repeated topic for essay writing as well as for drawing and painting activity used to be a "Market Scene".

A variety of depictions shown with mostly one common opinion of holding a market area as a busy, noisy, crowded place, with several shops, hotels, cafeterias, all beautifully decorated; hawkers and peddlers shouting on the top of their voices to attract customers, some of which, were in hurry while others just go for window shopping.

With the passage of time, the difference can be now realized from words describing markets as being more sophisticated, neat and clean, with decked up showrooms piled with variety and display making choice difficult, centrally air conditioned, elegant ambience, well equipped with theatres to cafeterias and washrooms all under roof.

The markets of Dubai, Hong Kong, Singapore, Bangkok are world renowned; Bombay's Big Bazaars, Sector 17 of Chandigarh, Connaught Place or Chandni Chowk at Delhi are the places which visitors include on their sight-seeing tours. Many amongst you during school excursions or educational tours either sneak out or seek permission to have a quick "look" at the "Markets" of that place merely to do some souvenir shopping for friends and family.

World across and almost all age groups are familiar with the term 'Market' in some way or the other "Coming to the market"? "Where"?- is the immediate question. Some relate to them as shopping areas adjacent to their houses, some as Marts, Malls and Mansions, Lanes or Sectors, Big Bazaars or Super Markets etc. But question still remaining, "ARE THESE AREAS ONLY THE MARKET"? or is there something else.....



Market:

The word "market" is derived from the Latin word 'marcatus' meaning merchandise, ware, traffic, trade or a place where business is conducted.

Golden Days:

In olden days, buying and selling was done by coming together at periodical fairs held at specific places on particular dates. In the days of the 'barter system', the exchange was of goods with goods only. Then, the invention of 'money' as a means of exchange revolutionized the market system.

Markets: They are responsible for making the economy strong and stable, in itself is a very dynamic concept. Market has been steadily acquiring greater dynamism and robustness. Ever since its evolution, different authors have tried defining it differently. It has grown and changed over the period of time and still the process is in progress.

The concepts pertaining to meaning of market are broadly classified as being:

1. Traditional Markets:

The concept of a traditional market corresponds to the early production phase when there was a general scarcity of manufactured goods in the market. The phase of 'pre-industrial revolution' world was characterized by an agriculture-cum-handicraft economy, with no elaborate distribution system. The agriculturist, whether he produced corn or cotton, meat or butter disposed of the surplus in his immediate neighborhood.

According to the American Market Association:-

"At every point where a specific commodity is concentrated for sale a market is found".

The definition gives the traditional meaning of market. The emphasis is on:

- (1) Place: The goods available for sale are bought to a specific place and the buyers of those goods reach those places for buying them.
- (2) Different markets for different commodities such as vegetable market, food grains market etc. Traditional concept focuses that market means "a place" only, where actual buying and selling takes place.

After the Second World War, especially in the fifties and sixties, the size and character of the markets in many countries of the world changed enormously. With the passage of time, the industrial activity has intensified in terms of:

- Quantity
- Quality
- Variety of the products
- Competition
- Awareness on the part of consumers
- Emergence of laws and enactments to protect consumer's interest.



All this, gradually compelled manufacturers/industries to produce what the consumers wanted. Thus, a new concept, a more scientific approach emerged reunite/reconstruct sent.

In the words of Carnot:-

"The term market is not any particular place in which things are bought and sold but the whole of any region where buyers and sellers are in such free intercourse with one another that the price of the same goods tend to equality easily and quickly".

This definition widens the area of a market by advocating:

- Market is not restricted to a particular place but to a region
- The buyers and sellers of the whole region have free access to one another
- This accessibility enables the forces of demand and supply to operate and determine competitive prices
- The whole region is taken as a place of market.

2. Market of Seventies / Eighties –Modernised Version

Every business activity is consumer oriented. According to Peter Drucker *"the purpose of business is to create customer" and customers do not have geographical boundaries"*.

Thus, according to modern thinkers "market" further expanded. They stopped treating it as a place and believed strongly that the coming together of buyers and sellers living anywhere and transacting purchase and sale of goods is said to be a market'.

To support the wider view of market, Clark and Clark defined a market as:

"In fact, for most commodities, the market must not be thought as a geographical meeting place but as any getting together of buyers and sellers in person by mail, telephone, telegraph or by any other means of communication."

Analysis of the definition:-

The market is not taken as a geographical place but a meeting of:

- (i) Buyers and sellers
- (ii) For a given commodity
- (iii) Who remains in close contact format with each other through any means personally, by mail, phone etc.
- (iv) Buyers and sellers are in competition with one another.
- (v) The place or area can be regional, national or international.

Thus, based on the definition, it can be summarized that 'A market is the atmosphere of a region in which the forces of demand and supply operate directly or by means of any kind of communication that are sufficient to bring about transfer in the title of the goods and it does not necessarily mean only a place where actual buying and selling in conducted'.



3. Emerging Markets: E-Commerce

The world today is changing fast. India is no exception. Specially after the opening up of the economy, the pace of change that India and its people are experiencing in their socio-cultural milieu is mind boggling. The profile of the Indian market is vastly different from what it was ten years ago. Modern business is facing global competition due to globalization, and increased customer expectation due to changes in technology. For this, business throughout the world is changing in terms of:

- Organization
- Ways of working
- Use of technology
- Perspectives, scope and outlook

The world seems to now follow the adage "Market means people".

To quote to DYDDY:

"Markets are people with money to spend and desire to spend it"

The analysis of this definition of market brings forth the views on market as 'People Oriented'. It advocates:

- People having money and desire to spend it are taken as market.
- A market cannot exist without people willingness to buy and sell.

Though this definition absolutely ignores 'the place of activity' it seems to be more practical in today's scenario. The people, a business serves are its market.

The prime force behind this change is the advent of mass communication. The market is once again emerging as a dynamic and competitive arena, where *"the only thing that is permanent is change"*. Facing a barrage of new challenges and opportunities, the definition of 'Market' seems to have once again undergone a change.

The internet has evoked unparalleled and easier ways of conducting day-to-day lives, be it business, trade or personal affairs. Business has been a major beneficiary of this boom.

E-Business: This refers to "carrying on business activities, both industrial and commercial through computer network i.e. Internet. Wherever the of internets, can reach that place has become the probable 'Market'.

Thus 'Market' is emerging as any form where the transaction between the buyer and seller is because of interacting electronically using telecommunication network the world over - so whole world is a potential Market, with no requirement of physical presence of a buyer or seller. Internet - commerce has thus broadened the definition, scope and range of markets.

Business is a wider term including both as range of activities:

- (i) Industry, i.e., production and related activities
- (ii) Commerce, i.e. trade and aids to trade. Trade means buying and selling



In this context, e-business and e-commerce are defined as follows:

Basis	E-Business	E-Commerce
Meaning	Defined as the conduct of Industry, trade and commerce using the computer networks.	An electronic communication among enterprises, including customers, suppliers, business partners, government organizations and financial institutions.
Scope	E-commerce and other electronically conducted business functions such as production, product development, accounting, finance human resource, management etc., it wide in scope.	Covers the interaction of the firm with its customers and suppliers, over the Internet i.e. it revolves around buying and selling products and services over the internet.

The internet users can now order goods, receive their delivery and make their payment while at home, on the internet.

Role of E-Business or E-Commerce

E-business is offering great opportunities especially to developing countries. It is helping them to enter the prosperous global markets merely at the click of the mouse. This focus on computer-to-computer interactions is helping business in discovering new cost-effective opportunities not only locally but also internationally.

E-business's growing popularity is because of the role it plays especially for the promotion of the business community. The same can be summarized as follows:

- (1) **Quick Solution to Doubts:** E-business allows quick response to the queries and doubts of customers and other business houses, thus facilitating sales by increasing customer satisfaction.
- (2) **Updated Information:** A company's web-site, which can be accessed anywhere in the world, provides not only the first hand but the latest information about the price, discount, quality, features, range etc. available to the consumers merely at the click of the mouse.
- (3) **Extending Markets:** Because of e-business, the markets have become global. Now making sales to customers has spread over the different parts of the world. E-business has made it possible to make things available in those areas too where there are no markets around like rural areas.
- (4) **Shortening of distribution channel:** Ever since e-business come into existence, producers have started having direct contact with the consumers, resulting in the reduction of middlemen and related cost. As a result, the consumers now get goods comparatively at lower prices directly from the producers.



- (5) **Saving of time and cost:** Customers now do not have to physically visit the market to purchase goods. They can get information and the goods online because of e-commerce, thus saving time, cost and energy.
- (6) **Less risk in payments:** Under e-business, payments can be made on the Internet through the medium of credit cards issued by the bank, thus reducing risks involved in the transfer of money.
- (7) **Easy to launch new products:** Any company can launch its new product in the market through the medium of e-business much more easily. Mails, catalogues, photographs, etc. can help customers understand the product better.
- (8) **Lower personnel cost:** The number of personnel required decreases with the help of e-business because a single computer is good enough to do the job of many employees more quickly and correctly. This leads to helping the entrepreneur lower cost of production and raise sales.

SUMMARY

The word 'market' is derived from the Latin word 'marcat' meaning merchandise, ware, traffic, trade or a place where business is conducted.

'Market' – responsible for makes the economy strong and stable, in itself is a very dynamic concept. Ever since its evolution different authors have tried defining it differently.

The 'Market' has grown and changed over the period of time and still the process is in progress.

- **'The Market' evolved as:**
- **Traditional Markets:** "At every point at which a specific commodity is concentrated for sale a market is found".
- Over a period of time, because of intensification of industrial activity in terms of quantity, quality, variety, consumer awareness, laws, enactments, rules and regulations, the 'markets' revolutionized.

E-Commerce: *The interaction of the firm with its customers and suppliers over the internet.*

E-Business: *The conduct of industry, trade and commercial using the computer networks.*

Role of E-Business: *The focus on computer-to-computer interactions, are helping business in discovering new cost-effective opportunities not only locally but internationally too.*

- Markets are expanding
- Distributional channels are shortening
- Doubts are being quickly solved.
- Updated information available
- Facilitates launch of new products
- Less risk in payments
- Less cost of personnel's.



Analysing the Market Environment

'Motorola, a few years back, dominated the mobile industry. Earlier, it had almost 50% of the cell phone handset market, which now is merely 17% 'Satyam' once ranked 4th in the top Indian IT companies list in 2008, but collapsed in 2009. Today even the most established Indian brands are facing their biggest challenge and are drawing up plans to protect their market base.

Lot of hectic activities keep happening in the "Market". Opportunities and threats keep constantly spinning around. Those enterprises that ignore or resist market forces bear the brunt. Excellent companies take an outside-inside view of the market and its forces.

'Google' and 'Yahoo' just appeared and captured, whereas solids like American Airlines and Avon are almost on the brink of winding up. Why? Because something in market was either in their favour or against them. Market comprises of innumerable components to be taken care of.

The network of "key institutions" interact to supply final markets with needed goods and services, collectively form the 'environment' of the market. The market environment refers to factors and forces that affect a firm's ability to build and maintain successful relationships with customers.

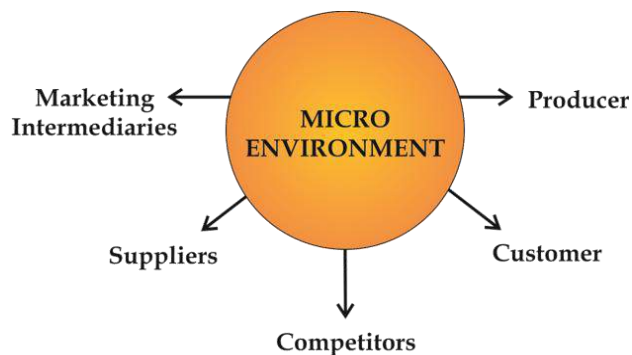
A market is thus an arrangement of establishing effective relationship between buyers and sellers of the commodities. It consist of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or want. Primarily, it is the forces of demand and supply which represents the aggregate influence of self-interested buyers and sellers on price and quantity of the goods and services offered in the market.

The various factors and forces governing or at play in the market can be categorized as:

- a) Micro (Internal) Environment - Primary
- b) Macro (External) Environment - Secondary

A) Micro Environment

The Internal Environment refers to the forces operating in the market that are close or within the organization and affect its ability to serve its customers directly. It comprises of the following forces:-





(1) Producer/Seller

The goals, objectives, policies, strategies etc. of the organization are the foremost forces which govern the market. Successful companies are those that can recognize and respond profitably to unmet needs and trends in the society. Unmet needs always exist.

Power to Rule

Choose companies who could solve any of these problems. They will not only make a fortune but will rule the world market:

- *A sure shot cure for cancer.*
- *Permanent chemical cure for mental diseases.*
- *Desalinization of sea-water.*
- *Non-fattening tasty nutritious food*
- *Voice-controlled computer etc.*

"PERFORMING SELLERS" sustain and succeed in the market.

Those enterprises rule the market, who are capable of:

- Keeping itself aware of market needs and trends
- Giving market a solution for their 'unmet' needs.
- Identifying opportunities and threats in the environment

Catering to social responsibility

If more is the number of producers, harder and healthier would be the competition. Ethics, values, principles, creativity, innovativeness of the seller helps in setting trends for market. It is the "producer" and his/her abilities that can create a 'market'. Imagine, today we have markets for things like Yoga, "Pranic healing", Astrology etc, all credit goes to sellers.

(2) Customers

Consumer is the King

Instead of trying to market what is essential for us to make, we must find out much more about what the consumer is willing to buy..... we must apply our creativity more intelligently to people, and their wants and needs, rather than products.

Charles G. Mortimer.

The most influential force which rules the market is the 'Consumer', Consumer Satisfaction is the foundation stone of a successful business.



Business has to produce goods according to the needs of the customers. But knowing customers is never simple. Enterprises have to take into consideration the following features to create, maintain and retain this force:

- (a) Tradition, customs, beliefs, values of society and customers
- (b) Lifestyle, standard of living, consuming habits
- (c) Propensity to consume and save
- (d) Education level, thinking behaviour
- (e) Income level
- (f) Demographic characteristics etc.



Consumer demand is the most important element as it directly affects enterprises:-

- a) Profitability
- b) Reputation and Goodwill
- c) Expansion Plans

(3) Competitors:

Eastman Kodak, in its film business, has been worrying about the growing competition from Fuji – the Japanese film maker. But in reality, Kodak faced a much greater threat from the recent invention of the "filmless camera" sold by Canon and Sony, which takes video still pictures to be shown on a TV receiver. What greater threat is there to a film business than a filmless camera!

Normally, it would seem a simple task for a company to identify its competitors but it is not so. Coca-Cola knows, it's "Pepsi-Cola" while 'Sony' knows, its "Matsushita". But the range of a company's actual and potential competitors is much broader.

Competitors are such factors in the micro environment that provide similar offerings for goods and services. To remain competitive, an enterprise must consider who their biggest competitors are. With LPG, the level of competition is no more local or national, but international.

In the market, a correct assessment needs to be regarding:

- (a) Who are our competitors?
- (b) Level/size of competitors
- (c) The areas of strengths/weaknesses of competitors
- (d) The financial standing of competitors
- (e) Overall image of competitors' products in the market
- (f) Operational capacity of the competitors.

The company should develop a strategic advantage over their competitors else if it's otherwise the fate of the enterprise is doomed. Edmund Burke believes "an opponent is our helper".



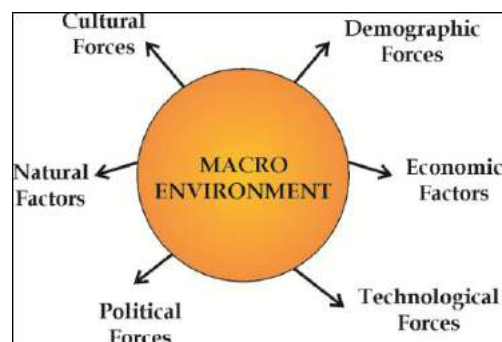
- (4) **Suppliers:** Suppliers are another key component in the core system of Market. The company is essentially a resource – conversion machine that converts material, machines, labour and funds into useful products.

The necessary resources are obtained from suppliers. How well the company buys depends on how well it grasps the working of the various supply markets and how well it applies business principles in conducting its relations with suppliers. Lack or non-availability of suppliers can ruin the market for a product.

- (5) **Marketing Intermediaries:** Marketing intermediaries are institutions that facilitate the flow of goods and services between the company and its final markets. They include resellers (i.e. wholesalers, retailers, agents, and brokers), transporters, warehouses, banks and promoting agencies. These all institutions come into being to facilitate the work of consummating exchanges in the market. They perform a great deal of work in bringing about transactions between the buyers and sellers, market cannot survive without these intermediaries.

(B) Macro Environment - External Forces

These macro forces refer to all forces that are part of the larger society and are the "uncontrollable" to which companies adapt through setting the "controllable" factors. These secondary factors too have bearing on the market.



DETPNC

- (i) **Demographic Forces:** Demographic forces refer to human populations in terms of size, density, location, age, gender, race, and occupation. They are very important factors of the market as they help to divide the population into market segments and target markets. An example of demography is classifying groups of people according to the year they were born. These classifications can be referred to as 'baby boomers', who are born between 1946 and 1964, generation X, who are born between 1965 and 1976, and generation Y, who are born between 1977 and 1994. Each classification has different characteristics and causes they find important.
- (ii) **Economic Factors:** These refer to the purchasing power of potential customers and the ways in which people spend their money. Under conditions of economic growth, buyer behavior is different than his/her behavior during depression, thus affecting the market.



- (iii) **Technological Forces:** The technological environment is perhaps one of the fastest changing factors in the macro environment. This includes all developments from antibiotics and surgery to nuclear missiles and chemical weapons to automobiles and credit cards. Advances in technology have provided opportunities to new products, new ways of selling, new markets & trends.
- (iv) **Political Forces:** The political environment includes all laws, government agencies, and groups that influence or limit other organizations and individuals within a society. Market is regulated by these restrictions as they can be complex. It varies from place to place time to time. To a large extent, the fate of companies and markets depend upon the political conditions in areas where they are situated. As laws and regulations change often, this is a very important aspect for a marketer to monitor.
- (v) **Natural Factors:** These include the natural resources that a company uses as inputs and affects their marketing activities. The concern in this area is the increased pollution, shortages of raw materials and increased governmental intervention. As raw materials become increasingly scarcer, the ability to create a company's product gets much harder. Also, pollution can go as far as negatively affecting a company's reputation if they are known for damaging the environment. The last concern, government intervention can make it increasingly harder for a company to fulfill their goals as requirements get more stringent.
- (vi) **Cultural Forces:** The cultural environment, which consists of institutions and basic values and beliefs of a group of people. The values can also be further categorized into core beliefs, which passed on from generation to generation and very difficult to change, and secondary beliefs, which tend to be easier to influence. Market reflects the values of a target audience.

Every organisation and industry is in a delicate balance with the forces in its environment. As the environment changes, it calls for a creative adaptation or response on the part of the organisms interacting with it.

Nations (Assyria), Species (dinosaurs), industries (Kingfisher) have collapsed because they failed to meet environmental challenges with creative responses.

SUMMARY

The market environment refers to factors and forces that affect a firm's ability to build and maintain successful relationship with customers.

The various factors and forces governing the market can be categorized into:

- *Micro Environment – Primary Forces*
- *Macro Environment – Secondary Forces*



Micro Environment:

The internal environment refers to the forces operating in the market that are close or within the organisation, comprising of:

- *Producer / seller*
- *Customer*
- *Competitors*
- *Suppliers*
- *Marketing intermediaries*

Macro Environment – External Forces:

These macro forces refers to all forces that are part of the larger society and are the "uncontrollables" to which companies adopt through setting the "controllable" factors. They comprise of:

- *Demographic forces*
- *Economic forces*
- *Technological forces*
- *Political forces*
- *Natural forces*
- *Cultural forces*

Researching the Market

Market Research

Market Research is referred as the systematic study and evaluation of all factors bearing on any business operations which involves the transfer of goods from a producer to a consumer.

A.G.R. Deiens

Manufacturers, retailers, suppliers of all kinds of services and many other organisations, need certain kinds of information in order to be able to satisfy their customers' wants and needs, to design effective marketing programs and to deal with recurring decisions. Given the diversity in consumers' characteristics, a firm should be able to determine the most appropriate market/product/information so as to choose a combination of marketing programmes which could satisfy the customers.

Thus, all decisions are based upon either information or assumptions. Any information, the entrepreneur receives, tends to be seen and interpreted in the light of our existing knowledge and past experience. Before committing time and energy to preparing a business plan, the



entrepreneur should do a quick feasibility study of the business concept to see whether there are any possible barriers to success.

Marketing Research is thus that versatile activity which is used by many different kinds of organisations to gather a variety of information needed to address different decisions. One of the initial, important elements of information needed by the entrepreneur is the "market potential" for the product or service.

STOP..... RESEARCH..... REACT

'Amrutanjan' was the market leader in the balm market when Vicks Vaporub was launched. The company had to decide whether to position their product directly against the leader or to carve out a separate niche. After much research work, it was finalised to position the brand 'Vicks Vaporub' exclusively as a rub for colds. Later, once again, based on research, it re-launched itself with a stronger formulation for faster relief.

In the next few years, Vicks Vaporub became the largest selling brand for cold remedies.

Dabur Chyawanprash, after some research, went in for a change in packaging and advertising in 1993 witnessing a rise in its market share to 68.5%. Similarly, "Rasna" on receiving poor response initially on its launch conducted detailed market research and thereafter incorporated the strategy of "the influence – the child", the quality of ease in preparation, along with the economy did the magic.

Advertisement campaigns reinforced all changes with a winning edge in the form of:

"Just one under-pack of Rasna makes 32 glass of delicious soft-drinks" – now, Rasna dominates 85% of soft drinks concentrate market.

Procter & Gamble calls or visits over one million people in connection with about 1000 research projects undertaken by its different product operating divisions.

Such rejuvenations by either new formulations, or additional ingredients or improved aesthetic appeal, are normally the result of 'Market Research'.

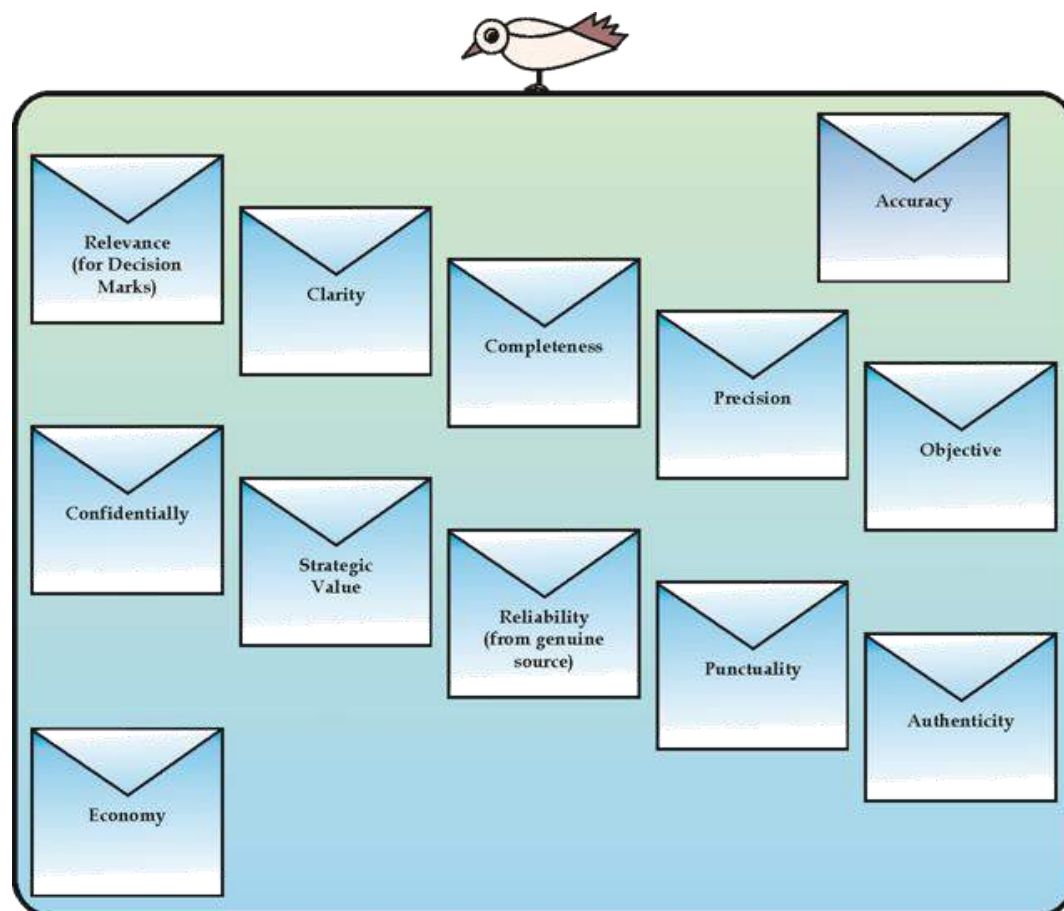
Market research is the function which links the consumers, customer and public to the marketer through information that is use to:

- Identify and define marketing opportunities and problems.
- Generate refine and evaluate marketing actions;
- Monitor marketing performance;
- Improve understanding of marketing as a process.



Characteristics of good Marketing Information:

BASIC CHARACTERISTICS



As we know, marketing research is the systematic and objective search for an analysis of information relevant to the identification and solution of any problem in the field of marketing.

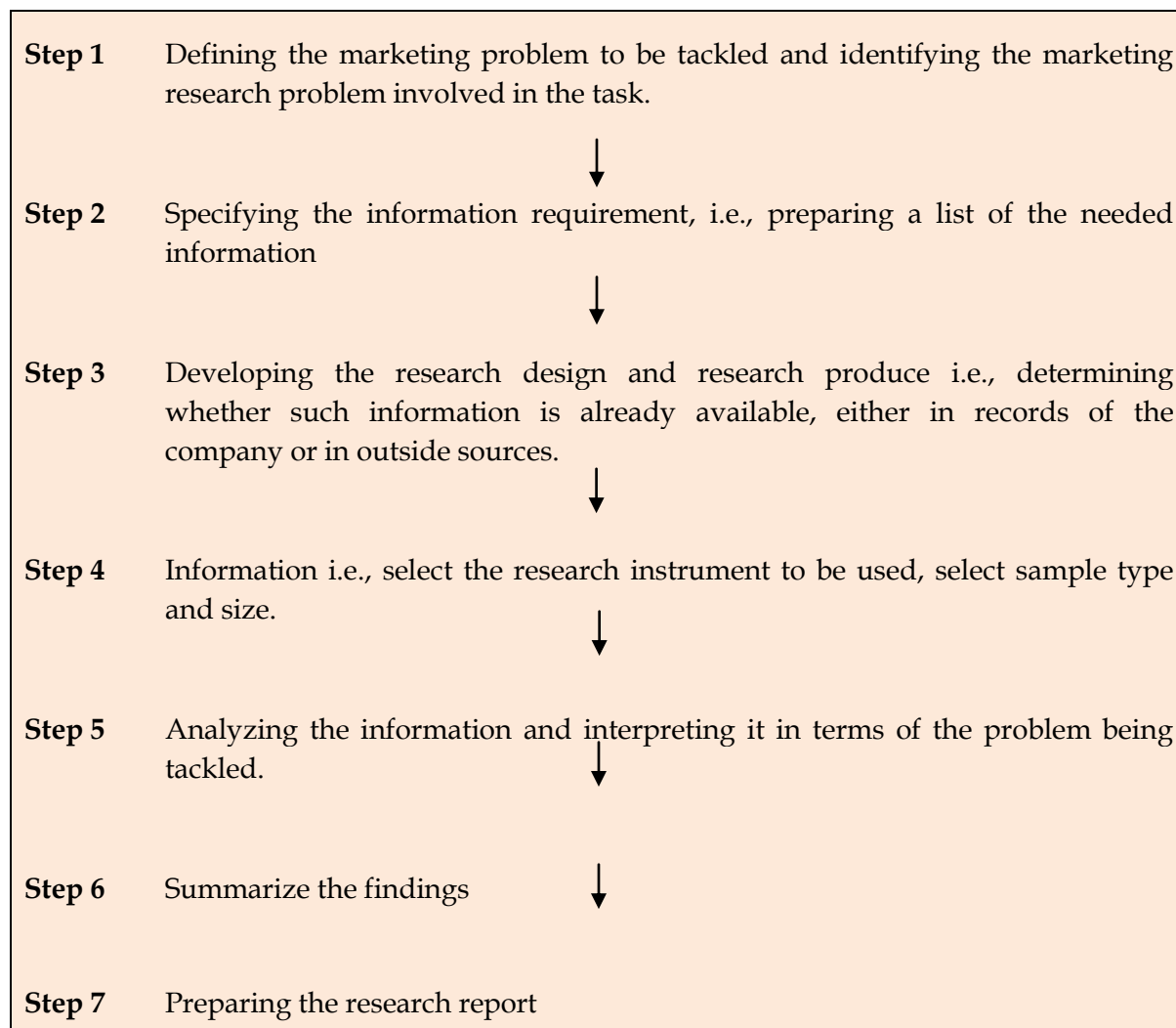
Thus, the value and usefulness of information depends on the extent to which it possesses the essential characteristics of good marketing information. An information is characterize as 'good' if it is:

The Marketing Research Process:

Research is not restricted to only finding out information about the market for a product, instead it is concerned with providing information, which will act as an aid to decision-making for a wide range of business activities from a new product development right through to after sales services. This systematic gathering, recording and analyzing of data about 'problems' is not an easy task. To help acquire valid and reliable information, a series of steps are likely to be used, which are referred collectively as the "Marketing Research Process".



Main Steps Involved in Marketing Research



Market research in a way is the application of the scientific method to marketing problems. Although no method known to man can entirely eliminate uncertainty. But, a scientific method more than any other procedure can minimize those elements of uncertainty which result from the lack of information. By so doing, it reduces the danger of making a wrong choice between alternative courses of action.

As particular emphasis is upon maintaining objectivity on the part of the investigator, emphasizing accuracy in measurement and making exhaustive investigations, which means, there should be application of valid and reliable research methods and instruments.

Research Instruments: Research instruments mean the instruments, tools methods or techniques employed in research for gathering the information/response. One such most commonly used instrument by the entrepreneurs, is Market Survey.



One of the early Japanese invaders of the American car market was the Datsun. Later it changed its name to Nissan but continued to compete successfully. In 1987 Nissan sold 753,000 cars and trucks to U.S. buyers, but this was a drop of 3 percent from the previous year. The decline was a matter of some concern to the management.

A survey among U.S. car buyers found that Nissan had to clear image in the market. When car buyers were asked to identify Nissan, many showed lingering confusion over the name change from Datsun. Some buyers thought that Nissan was part of Toyota. There was more confusion over model names such as Maxima and Sentra; consumers thought these were cameras and wristwatches.

On the basis of these findings, Nissan planned a TV advertising campaign, "... not just trying to sell a Maxima or Sentra (but) to tell views what Nissan is." The result was the now well-known theme "built for the Human Race".

The survey mentioned above told the Nissan management they had a problem and, on the basis of that information, they committed tens of millions of dollars to an advertising campaign to rectify the problem. Clearly, the management had confidence in the SURVEY DATA.

Market Survey: To complete the present market scenario, the day to day information is essential for the organization and its long term survival. Market survey is one of the most widely used market research techniques and at times, viewed as synonymous with Market Research.

One must remember, market survey is just one method/technique of collecting information required for carrying out a given marketing research task. It is used if the required data is not available either form:

- The company's internal records, or
- The external published resources.

Market survey amounts to the original field research work for the purpose of collecting primary data, with reference to a defined problem on hand.

Thus, market survey is an organized and in-depth approach, which includes all the research activities involved with extracting out carefully the information for not only the first time, but directly from the sources.

Kraft Foods Company's Decision Model

Kraft Foods was thinking of developing a flavored rice product that would be easier to prepare than the dominant rice brand then available. Rice-A-Roni. After developing the product, Kraft Foods decided that the new product would go into a test market if the following three conditions existed.

1. *The average household ate flavored rice products several times a month.*
2. *Preparing the rice products felt that their current brands were not convenient to prepare.*
3. *Consumers generally were not satisfied with their current brands.*



The information needed was identified as: the number of times a month a family ate flavored rice; whether or not cooks thought the brands they used were convenient; and the degree of consumer satisfaction with current brands. When further marketing research showed that:

- a. About half of the flavored rice users prepared such dishes less than once a month;*
- b. Only 11 percent felt that their current brands were inconvenient to prepare; and*
- c. Almost 80 percent were satisfied with their current brands.*

The Kraft Foods managers decided not to test market with their new flavored rice product and to drop the idea completely.

Source: "Kraft's Clark Urges Testing to Avoid Mistakes, 'Bombs'," Advertising Age, November 18, 1974, p. 22.

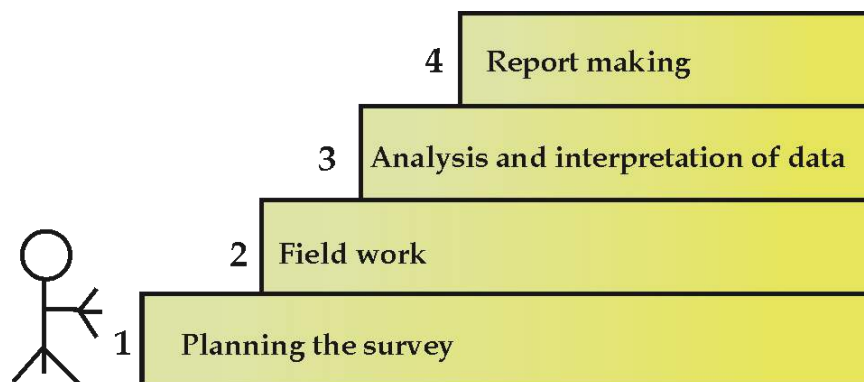
Common Methods used for Surveying:

Where you actually speak to members of your target audience, is a survey. It can be conducted through:

- (i) Personal interviews
- (ii) Telephonic interviews
- (iii) Direct mail interviews
- (iv) Fax/E-mail interviews
- (v) Online interviews
- (vi) Questionnaire Development
- (vii) Field work

Steps in a Market Survey:

Survey is a customized technique. The investigator is to decide in light of his "objectives" of study that which technique is to be applied for extracting out information to the optimum from the respondent. At times, companies hire the services of professionals to conduct survey on their behalf while small entrepreneurs do it all by themselves.





A normal way of conducting a survey comprises of the following procedure:

Step 1 - Planning the Survey:

The entrepreneur must first of all decide what is it, he/she wants or needs to know about the market. Planning the survey demands on the part of entrepreneur to:

- a) Define the problem clearly and accurately
- b) Select the most appropriate method to conduct the survey viz. personal interview, Telephonic etc.
- c) Decide the area and extent of the study: An entrepreneur must identify the magnitude of study whether he wants to survey each and every unit of the market i.e. census survey or would select variable/units for study and apply the result to the universe, i.e., sampling.
- d) Questionnaire development: Questionnaire development is an important part of the market survey, demanding a lot of expertise and resourcefulness. Entrepreneur should go over it with others on the management team, making sure it provides the information he needs to know and is based on his objectives. He should make sure the questionnaire is not too complicated and is appropriately worded.

Step 2: Field Work

Field work calls for a lot of managerial and administrative skills apart from research skills. Thus, the entrepreneur should ensure that:-

- a) Investigators for fieldwork are scientifically recruited or properly trained for the work.
- b) It is properly supervised,
- c) The time schedule is adhered to,
- d) Responses are honestly and accurately recorded
- e) The collection of data is done meticulously.

Step 3: Analysis and Interpretation of Data:

The raw data serves no purpose. The entrepreneur either by using software program or by hand, tabulate the collected data. Carefully he should analyze the data, working for information that stand out, and the data is:-

- (i) Edited
- (ii) Tabulated processed and interpreted
- (iii) Statistical analysis and interpretations recorded

If the entrepreneur is not able to do so himself/herself, he/she should go for expert advice. One must have the ability to analyze what the information basically conveys.

Step 4: Report Making:

Is the last step, when it is time to summarize findings and recommendations. Market research reports with key findings from the study, a summary of what the study revealed, along with a list of recommendations for the enterprise's continual growth and success in the market is done. This final report serves as the basis for taking any entrepreneurial decision.



An effective market survey uses the principles of the scientific method such as, careful observation, formulation of hypotheses, prediction and experience.

Importance:

The basic objective of a market survey is to collect information on various aspects of the business. As it involves gathering, recording and analyzing the data regarding the utility and marketability of the product, its importance can be judged from the following points:-

(i) Customer is the King:

To know accurately the customer's needs/wants, nature of demand, likes and dislikes and all other related aspects of movement of products from the stage of production to the point where they get consumed, is possible, with the help of appropriately designed survey, which can give an edge over competitions.

(ii) Risk reduction:

The systematic and intelligent use of market survey can reduce/minimize the risk of decision making under the conditions of uncertainty as results are analyzed in order to finalize a business plan.

(iii) Helps attaining objectives:

As a market survey starts with a customized design created to meet the entrepreneur's and his enterprise's specific needs and strategic objectives, the attainment of goals happen smoothly and timely.

(iv) Market Overview:

A market survey as is a systematic collection, recording, analysis and interpretation of data, relating to the existing or potential market and various forces of the market on the basis of information composed from survey.

(v) Forecast:

The market survey provides an accurate effective and timely sales forecast and promotes the soundness of marketing decisions which is key for success of any enterprise. "To manage a business well is to manage its future, and to manage its future is to manage information."

(vi) Facilitates Decision - Making:

A customized market survey is a tool not only to collect an idea about customers, their wants, buying behavior, the new product and its acceptance, the competitors, but also helps in :

- a) Short and long term forecasting
- b) Comparative effectiveness studies
- c) Packaging research
- d) Pricing studies
- e) Distribution channel strategies etc.



Thus, a survey helps in each and every decision making of an entrepreneur which is based on proper rationale and supportive data.

An important technique, most commonly followed for conducting a survey is through a questionnaire. A great deal of expertise, fact, experience and knowledge is required in drafting of a questionnaire. No relevant information should be left out from being procured. The 'annexure' contains a few samples of questionnaires. The survey is incomplete if it is not edited, tabulated, and analysed. A report or some kind of inference as a conclusion must be drawn from the whole study.

Types of Market Survey:

To harness the power of surveys, the entrepreneur needs to first learn how to do it right. It is a tool, to be used with caution, tact and expertise.

There are two types of market surveys:-

- a) The census
- b) The sample

Whether census or sample survey, the objective is to produce information with:

- (i) Required degree of accuracy
- (ii) Within the planned time span
- (iii) Keeping the expenditure to the minimum

SUMMARY

Market Research is referred as the systematic study and evaluation of all factors bearing on any business operations which involves the transfer of goods from a producer to a consumer.

Characteristics of Good Marketing Information:

- | | |
|-------------------|-------------------|
| • Clarity | • Completeness |
| • Relevance | • Accuracy |
| • Confidentiality | • Authenticity |
| • Economy | • Precision |
| • Reliability | • Objectivity |
| • Punctuality | • Strategic Value |

Research Instruments

One of the most important and commonly used instruments by the entrepreneurs to research is 'Market Survey'.

Market Survey is an organized and in-depth approach, which includes all the research activities involved with extracting out carefully the information for not only the first time but directly from the sources.



Method used For Surveying:

- *Personal Interviews*
- *Telephonic Interviews*
- *Direct mail Interviews*
- *E-mail Interviews*
- *Online Interviews*
- *Questionnaire Development*
- *Field Work*

Process of Conducting Survey:

- *Planning the survey*
- *Field Work*
- *Analysis and Interpretation of Data*
- *Report Making*

Importance of Market Survey:

- *Customer is the King*
- *Risk Reduction*
- *Helps attaining Objectives*
- *Market Overview*
- *Forecast*
- *Facilitates Decision-Making*

SURVEY SAMPLE 1

Problem on Hand:

The Mayor of your city is thinking of asking the city council to vote funds for the development of a system of bicycle paths throughout the community. Before doing so, he felt that he should determine the percentage of bicycle owners and non-owners in favor of developing a system of bicycle paths. He discussed the matter with a local marketing research firm, which was asked to submit a proposal for research. Some of the highlights of that proposal are described below.



1. The purpose of the study is to determine if enough bicycle owners and non-owners are in favour of the development of bicycle paths throughout the community. (The mayor, along with the city council, will specify the percentage that constitutes "enough.")
2. The information needed is: How many people own bicycles and are they in favour of, or opposed to, the development of a system of bicycle paths? How many people don't own bicycles, and are they in favor of or opposed to, the development of a system of bicycle paths?



3. The data collection form the survey included two questions illustrated on the left side of table below.
4. After a representative sample of 600 community residents were interviewed, their responses were tabulated in the manner shown on the right side of the table given below:

City Bicycle Path Study

	Tabulations		
Questions	Bicycle Owners Who	Number	%
Do you own a bicycle? ____ Yes ____ No	Strongly agree	--	--
	Somewhat agree	--	--
Will you please indicate the degree to which you agree or disagree with the following statement: A system of bicycle paths should be developed in our community?	Undecided	--	--
	Somewhat disagree	--	--
	Strongly disagree	--	--
	Subtotal	--	100%
	Non owners Who		
-- Strongly agree	Strongly agree	--	--
-- Somewhat agree	Somewhat agree	--	--
-- Undecided	Undecided	--	--
-- Somewhat disagree	Somewhat disagree	--	--
-- Strongly disagree	Strongly disagree	--	--
	Subtotal	--	100%
	Total	600	

Source:

This illustration is adapted from William R. Wynd, "Six-Step Basic Program Can Help Volunteers Solve Research Problems." *Marketing News*, September 9, 1972, p. 12

SURVEY SAMPLE 2

Sample Questionnaire for Personal Errand Service to be launched

1. Of the following, please check the three most frequent errands that you are likely to carry out during the workweek.

– Dry cleaners

– Post office



- | | |
|-------------------------------|---|
| — Drugstore | — Bank |
| — Shopping for clothing items | — Shopping for non-clothing and non-grocery items |
| — Buying a gift | — Automotive service or repair |
| — Other _____ | — Other _____ |
| Please specify | Please specify |

2. Of the following, please indicate which items you would be willing to pay for someone to carry out for you.

- | | |
|-------------------------------|---|
| — Dry cleaners | — Post Office |
| — Drugstore | — Bank |
| — Shopping for clothing items | — Shopping for non-clothing and non-grocery items |
| — Buying a gift | — Automotive service or repair |
| — Other _____ | — Other _____ |
| Please specify | Please specify |

3. What do you consider the two most important reasons for having someone else complete an errand? (Check only two).

- Waiting in lines
- Inconvenient location
- Imposes on my relation time
- Difficult work schedule
- Traffic
- Other _____

Please specify

- Other _____

Please specify

4. If an errand service was conveniently available to you, how much would you be willing to pay for a standard errand such as delivering or picking up dry cleaning, going to the post office, or picking up a prescription?

- Less than 50 per earned
- 50 to 100 per earned
- 100 to 200 earned



5. Please indicate by rank ordering (1 being highest rank, 2 second highest rank, and so on) your preference for the most convenient location for a personal errand service.

- In my building
- Near my office
- Near the train station
- Prefer to have item(s) delivered to my office

6. The following information is needed for categorizing the results of the survey. Please check the appropriate box.

Sex: _____ Male

— Female

Marital / household status:

— Single parent

— Married, both spouses working

— Married, one spouse working

Age: _____ Under 25

_____ 25-34

_____ 35-44

_____ 45-54

_____ 55 and over

Household income:

_____ Under Rs. 40,000

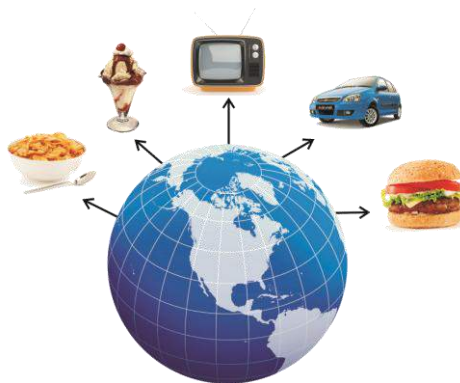
_____ Rs. 40,000 - Rs. 54,000

_____ Rs. 55,000- Rs. 69,000

_____ Rs. 70,000 and above

Expanding Markets

"All men can see the tactics whereby I conquer, but what none can see is the strategy out of which victory is evolved." - Anonymous





World is Shrinking!

To name a few, Kellogg's in breakfast cereals, Baskin Robbins and Walls in the ice-cream market, Sony, Akai, Panasonic in electronic market, Honda, Mercedes-Benz, Volkswagen in Car Market, Nestle, Henkel, Heinz, Revlon, McDonald, Gucci etc. in FMCGs market have become household names today. It seems as if there is an invasion of foreign companies in India. So many mergers, takeover, collaborations, joint ventures happening in almost every sector and from every part of the world WHY? What is the reason for the sea level changes happening in market dynamics in the various product categories? Lets' see.

Introduction:

The Indian market is going through a period of upheavals. The winds of liberalization or the opening up of the market have brought about changes that have been unimaginable a decade ago.

As barriers come down, new players both from India as well as abroad are entering in different products. The competition is become fierce where erstwhile players are trying to protect their turf while new ones are making every effort to gain a foothold. Time and distance are rapidly shrinking with the advent of faster technology, communication, finance and transportation.

Domestic companies around the world are going global, which is not only intensifying competition but giving rise of flurry of new activities, in market.

Are You Aware.....???

Coco-Cola purchased Thums-up and Gold Spot for Rs. 180 crores while Pepsi took over Dukes, the Bombay-based owner of soft drink branded as 'Magnolia'. Colgate bought Ciba-Geigy's Cibacca range of toothpaste and brushes for Rs. 131 crores.

Brook Bond – Lipton acquired the Cadbury's Dollops ice cream business and Kissan Jam.

Citibank beautifully implanted the concept of marketing through the acceptance of Credit throughout the country.

Phenomenal changes in the car market are happening as a result of collaborations happening between many Indian companies with different foreign car makers like Ford, Peugeot, GM (Opel-Astra), Daewoo etc.

In order to survive in the changed and changing environment, a business enterprise needs to be strong enough to cope with the challenges before it. Normally, any company has only two options either –

- (a) Withdraw or
- (b) Fight

There is no fun in surrendering before a war. Therefore, it is better to plan:

- (a) Sharper, focused, competitive strategies to face the new competition.
- (b) Tone up the existing strength and leverage the first mover advantage.
- (c) Realize the need for growth of business enterprises.



The manner which can help a company achieve, defend, glow, expand, diversify depends on the kind of strategy it pursues. *"Successful business strategy is about actively shaping the game you play not just playing game you find"* – **Gary Hamel.**

Strategic Alternatives before an Enterprise:

As Entrepreneurial Strategy represents the set of decisions, actions and reactions that first generates and then exploit over time, a new entry in a way that maximizes the benefits of newness with minimizing its cost. But whether associated with a new product, a new market and/or a new organisation, "Newness" is like a double-edged sword – to be used carefully and tactfully.

Various strategic alternatives are available to a firm for achieving its growth objectives. The corporate strategies a firm can adopt, have been classified into four grand categories:

- (i) Stability maintain strategies
- (ii) Expansion – growth strategies
- (iii) Retrenchment/Divestment strategies
- (iv) Combination strategies

1. Stability Strategies

Initially, the organisation continues to serve its customer with basically the same products and services "STABILITY" is what the entrepreneur is looking for in the beginning as stability strategy is:

- Less risky
- Easier and comfortable
- Unconsciously pursued
- Defensive and satisfactory
- Enhances functional efficiencies

But now, starts the quest for growth, for expansion. To do things differently than the rivals and develop a unique position for themselves, develop gradually but naturally on the enterprise.

2. Expansion Strategies:

Expansion is one of the forms of internal growth of business. Mostly, it means enlargement or increase in the same line of activity. Expansion of an enterprise can be both domestic as well as international. It can be pursued through a number of methods and many options are available, depending on the degree of growth and momentum of growth which one aspires.

Thus, an expansion strategy is a strategy that a firm pursues when -

- (1) It serves the public in additional product or service or adds markets of functions to its definitions.



- (2) The growth is fast in the market in which their products are sold
- (3) They tend to have larger than average profit margins.
- (4) A stretch rather than a fit strategy is pursued.
- (5) New markets, new products, new processes and new usage for old products are regularly developed.
- (6) Internal expansions, mergers and acquisitions are used to achieve expansion.
- (7) Shifting from local to global markets is an expansion sign.

Desire to Grow and Expand:

All the businesses aspire to grow at one point of time or the other. Hence, growth/expansion strategies are the most popular and commonly used strategies by all organisations because:

- (a) A Healthy firm normally has a natural desire for growth.
- (b) Growth is essential for survival because if a firm does not grow when competitors are growing, it might lose its competitiveness.
- (c) A company needs growth to increase its market share.
- (d) Market leadership is an objective of growth for several companies.
- (e) A company needs to diversify its business to minimize risks.
- (f) Growth becomes essential for full utilization of the existing resources of the company.
- (g) To increase profits is the most obvious objectives of growth.
- (h) People working in the organisation will be motivated only if there are challenges, opportunities and growth.

Market Expansion Grid

It is also referred as; “Ansoffs Product Grid” is very useful framework for detecting new intensive growth opportunities. It's believed that basically there are three expansion options:

- A) Intensification
- B) Integration
- C) Diversification

Initially, enterprise pursues internal expansion strategy.

	Current Markets	New Markets
Current Products	Market Penetration	Market Development
New products	Product Development	Diversification Strategy

Source: H.I. Ans off. Corporate strategy.



A. Intensive Expansion:

Intensive expansion means the enterprise increase the sales of its existing product by enlarging the existing markets.

A profit market expansion can assume the form of:

I. Penetration Strategies:

A strategy to grow by encouraging existing customers to buy more of the firm's current product is said to be penetrating strategy. Here, the enterprise strives to increase the sale of the current products in the current markets by following approaches:

a) Encourage frequency of use:

Encourage customers for more use of the product by increasing the

- (a) Frequency of use: For example, brush twice a day with x toothpaste to prevent cavities
- (b) Usage per use: For example, every time you shampoo your hair, repeat it two times for better results.

b) Attract new clientele:

The concept of sending cards in India was limited to festivals and birthdays. 'Archie's' aggressively promoted cards more as a medium of communication than as a way to merely sending Good Wishes. Archie's bloomed ever after to an extent that it is {'Archie's'} recently went into collaboration with Hallmark Cards of the U.S.A. to market its cards in India.

If an enterprise is successful in making non-users of a product the users of the product, it will provide a potential opportunity for increasing the sales. It could be by using any mode of sales promotion viz.

- (i) Advertising
- (ii) Personal selling
- (iii) Discounts
- (iv) Coupons
- (v) Samples

c) Attract Competitors Customers:

Hindustan Lever adopted the strategy of multi-branding with an aim of capturing the market by winning the customers of their competitors. They introduced many brands in soaps and detergents markets, so that no segment is left untouched. It has Dove - in the Ultra premium segment, Lifebuoy - in the economic segment and Rexona, Liril and Lasancy - in the intervening segments.



If the company succeeds in making the customer to switch from the competitors' brand to the company's brands while maintaining its existing customers intact, there will be an increase in the company's sales.

This is expansion at the expense of the competitors.

II. Market Development Strategy:

Market development strategies involve selling the firm's existing products to new groups of customers. It implies exploring new markets for the existing product – both nationally, internationally. The new groups of customers can be searched in terms of:

(a) New Demographic Market:

Forhan's toothpaste was steadily losing its market share to Colgate and Close-up which were coming up with gel variations of their toothpastes, with a much younger positioning. Forhan's was being viewed as fuddy-duddy, one prescribed by the doctor and meant for the older generation.

Forhan's then came up with a brand extension-'Forhan's Fluoride', with a better, tangier taste than the original, propagating it as excellent for healthy gums and teeth, for all those who are above 6 years. Forhan's got a New lease of Life. It beautifully targeted a new age group.

Demographics are used to characterize customers based upon their:

- Income
- Marital status
- Standard of living
- Education
- Age and sex

Thus, herein, the entrepreneur, who is currently selling the existing product to a specific demographic group, can now offer the same to a different demographic group.

For example: Tata Nano caters to a segment of middle income group.

(b) New Product use:

An entrepreneur might find out that people use its product in a way that was not intended or expected. This new knowledge of product use provides insight into how the product may be valuable to a new group of buyers.

Aspirin, a pain killer, has been discovered good for heart too.

(c) New Geographical Market:

This simply suggests selling the existing products in the new locations and new markets. This has the potential of increasing sales by offering the product



to customers who have not previously had the chance to purchase its products. While opting for this approach an entrepreneur must be aware of:

- Customers' preferences
- Language
- Legal requirements
- Regional differences etc.

The normal practice is to first explore new markets within the country and then to move to other countries in search of better markets. Nowadays a common philosophy adopted to expand market is to go global.

Nirma, which was initially confined to local Gujarat market later expanded to regional and then to national markets.

Expansion is a very useful tool to safely increase a customer's profile. Having a large customer base is always in the interest of the company as it helps to:

- (1) Achieve economies of scale;
- (2) To reduce its risk;
- (3) To reduce its dependence on any one market;
- (4) Counter attack a global firm for snatching their customers through better products or lower prices;
- (5) Might discover that some foreign markets present higher profit opportunities than the domestic market.

Whatever may be the reason, the enterprise can also plan to expand adopting the strategy of going from local to 'GLOBAL' markets.

Major Decisions in International Marketing:

Today on top but once were in sorry state of affairs.....

Coca-Cola had to withdraw their 2 liter bottle in Spain after discovering later on that few Spaniards only owned refrigerators with large enough compartments to store it.

S.C. Johnson's wax floor polish initially failed in Japan. The wax made the floors too slippery and Johnson had overlooked the fact that Japanese don't wear shoes in their homes.

General Foods, "Tang" initially failed in France because it was positioned as a substitute for orange juice at Breakfast. The French drink little orange juice and almost none at Breakfast.

Before going global, the right approach is to learn how to enter foreign markets. Before making a decision to go abroad, the company must weigh several risks by deciding:

- Strategically, logically whether to go abroad or not
- Which markets to enter
- How to enter the foreign market



- The marketing program
- Marketing organisation.

Though all decisions have significant impacts and implications, the most important is 'How to Enter Foreign Market'. It can be through:

(a) Indirect Export:

The easiest and a normal way of going global is through export. Occasional exporting is a passive level of involvement where the company exports from time to time on:

- (i) its own initiative,
- (ii) work through independent middlemen on being approached by them,
- (iii) in response to unsolicited orders from abroad.

When the company makes a commitment to expand through exports, the least change in the company's product lines, workforce organization, investments or missions are involved and thus is a convenient mode of expanding.

(b) Direct Export:

Companies eventually may decide to handle their own exports. Through this strategy of entering global market, the enterprise assumes somewhat greater risk and investment, but so is the potential return. The company can carry on direct exporting in several ways as:

- Through Domestically based Export Division or Department
- Through Overseas Sales Branch or Subsidiary Establishment.
- Nominations Foreign based agents or distributors to sell the goods on behalf of the company.

(c) Licensing:

Licensing represents a simple way for a manufacturer to become involved in international marketing. The licensor licenses a foreign company to use a manufacturing process, trademark, patent, trade secret or other item of value for a fee or royalty.

Coca-Cola carries out its international marketing by licensing bottlers around the world—or more technically, franchising bottlers and suppliers them with the syrup and the training needed to produce, distribute and sell the coke.

This way, the licensor safely and easily can gain entry into the foreign market at:

- Little risk
- The licensee gaining production expertise or 'well-known product or name without having to start from scratch.



(d) Contract Manufacturing:

Another entry method for a local firm to go global is through contract manufacturing. Here, the firm engages local manufacturers to produce the product for them.

When **SEARS** opened departmental stores in Mexico and Spain, they found qualified local manufacturers to produce many of its products. This not only significantly reduced **SEARS** cost of production but led the company to earn enviable revenue position.

Contract manufacturing offers the company a chance to start faster and with lesser risk.

(e) Joint Ventures:

Mostly, a joint venture is a restricted or a temporary partnership between two or more firms to undertake jointly to complete a specific venture. The co-ventures (parties) participate in the equality and operations of the business, sharing profits or losses in then agreed ratio. To go global, at times when one wants to take limited, calculated risk, joint ventures might serve the best interest.

Godrej-GE is a joint venture formed by spinning off the refrigerator business of Godrej and Boyee with GE (USA) with Godrej holding 60% stake & GE holding 40%. Godrej-GE plans to consolidate its refrigerators business & enter into other white goods manufacture such as ACs, dish washers etc.

(f) Direct Investment:

The ultimate form of global involvement is through direct ownership of foreign-based manufacturing facilities. No doubt, here the firm exposes its large investment to risks by buying partly or full interest in a local company or by building its own enterprise.

Electrolux AB a Swedish company and a world leader in white goods manufacturing plans to invest about \$ 100 million in India in the next 3-4 years.

Heinz took over Glaxo's foods business for Rs. 210 crores.

III. Product Development Strategies:

Raymond's, a famous name in the suiting business, in early eighties, launched some ready - to wear trousers called 'Double Barrels'. The product received a lukewarm response. Aggressive advertising, naming the same now as Raymond's Leg wear with Caption "no hassles with tailors" and the promise of a "great fit" too failed.

The company, realized through research that by and large Indians were attracted to a foreign label consequently, the company decided to market their readymade garments under



a new brand name – PARK AVENUE which conveyed a 'Western' image to fit in for perfect stylish and a completely Western image from top to bottom. Park Avenue extended wallets, belts and Kerchiefs under one roof. With ease company sailed through the critical stages.

It implies developing or modifying the existing product to meet the requirement of the customers. Product development strategies for growth involve developing and selling new products to people who are already purchasing the firm's existing products, i.e., management can consider new product possibilities in the same existing markets by:

- (1) Adding new features: - a fairness cream with sunscreen component.
- (2) Different Quality Levies: - Surf excel, Surf Ultra, etc.
- (3) Alternative Technology: - CDMA and GPRS mobiles.

(B) Integrative Expansion:

It Involves:

I. Vertical Expansion:

Vertical integration means that, any of the activities/functions, previously performed by the firm right from sourcing of raw material to supply of finished goods, through external agencies will now be performed by the firm itself through:

- (i) **Backward Integration:** It refers to taking a step back (up) on the value-added chain towards the raw materials, which means, that the producer also becomes a raw materials wholesaler. In essence the firm becomes its own supplier.

For example: For manufacturing of 'Nirma' detergent an important raw material used 'Linear Alkaline Benzene (LAB)' which was earlier purchased is now manufactured by Nirma itself.

- (ii) **Forward Integration:** Forward, is taking a step forward (down) on the value-added chain towards the customers which in this case means that the firm also becomes a finished goods wholesaler. In essence, the firm becomes its own buyer.

The manufacturer of a product who does not do the marketing of it, currently, starts marketing it directly through their own showroom.

II. Horizontal Integration:

Horizontal integration occurs at the same level of the value added chain but simply involves a different, but complementary, value added chain.

It may involve acquisition of one or more competitors at the same level of business.



Hindustan Lever Ltd. has been carving out newer segments. It has ensured for itself a presence in all segments using new brand launches and by strategic moves such as the acquisition of TOMCO.

This historic acquisition of TOMCO enhanced HLL's market share like anything as it bought Haman, 501, Moti, Jai and OK into HLL's brands, with already having Lifebuoy, Liril, Lux, Rexona, Dove, LeSancy as its powerful line extensions.

(C) Diversification strategy:

'Diversification' means adding new lines of business. The new lines of business may be related to the current business or may be quite unrelated.

If the new lines added, make use of the firm's existing technology, production facilities or distribution channels or it amounts to backward or forward integration, it may be regarded as related diversification.

Some companies expand the business into unrelated industries. For example, Wipro which is in the business of edible oils, soaps, has also sprung its business segments in information technology etc.

A heightened ability to learn new knowledge represents an important source of competitive advantage that needs to be fostered by the entrepreneur.

It is particularly advantageous in a continuously changing environment to look out for all probabilities of growing, expanding and winning edge over competitors. Entrepreneurs need to capitalize on these assets of newness, growth and diversifications, if it wants to excel and remain as trend setter.

SUMMARY

The Indian market is going through a period of upheavals. The winds of liberalization or the opening up of the market have brought about unimaginable changes.

Strategic Alternatives before the Enterprise:

For achieving growth objectives, the enterprise opts for either of the following strategic alternatives individually or in combination:

- Stability Maintain Strategies
- Expansion Growth Strategies
- Retrenchment / Divestment Strategies
- Combination Strategies

Expansion Strategies:

Enlargement or increase in the same line of activity is basically referred as Expansion. To expand, three most commonly adopted frameworks comprise of:

A. Intensification: Intensive strategies include:

- Penetration Strategies



- *Market development Strategies*
- *Product Development Strategies*

B. *Integration:* Integrative Strategies Involve:

- *Vertical Expansion*
- *Horizontal Expansion*

C. *Diversification-* Strategies i.e. newlines of business are added either to the current business or may be quite unrelated.

Know Thy Business

"Activity is the symbol of life....."

Human life is centered on activities which help in satisfying their diverse needs. They are performed with some objectives, i.e., either to:

- Satisfy unlimited requirement: Physical, emotional, religious, social, psychological;
- To earn for livelihood

Ancient societies were simple and satisfied. Each family managed to satisfy their food, clothing shelter needs directly and all by self. In conditions of self-sufficiency, Business did not exist. It emerged when self-sufficiency disappeared. Business evolved as a medium for exchange of goods or services for mutual benefit in absence of self-sufficiency.

Business is derived from the term "Busy-ness", indicating people are engaged in certain activities. In this context, Business is, "the state of being busy in making, distributing or providing of any goods or services which other members of the community need".

"Business is an institution organized and operated to provide goods and services to the society under the incentive of private gain." - Wheeler

"Business may be defined as an activity in which different persons exchange something of value, whether goods or services, for mutual gain or profit. - Peterson and Plowman

Thus, business is an economic activity which involves production or processing and sale or exchange of goods and services at regular basis with an aim of earning profit.

If we analyse the above paragraphs, some fundamental characteristics of business can be noticed as:

- (a) An economic activity i.e. the aim of this activity is to earn money.
- (b) Dealing in either production, purchase, procurement of goods or renders service or both.
- (c) All the activities performed under business aims at satisfying human needs and wants.
- (d) To be called as business, an activity must be done on regular basis.
- (e) Profit earning is the primary goal of an business.



- (f) Risk, i.e., probability of incurring losses or earning inadequate profits, is inherent in all the businesses.

The term "Business" includes all those activities which are related to the production and distribution of goods and services including all those activities even which indirectly help in production exchange of goods such as:

- Transport
- Insurance
- Banking
- Warehousing
- Advertisin

Scope of Business:

From the above discussion, one can form an idea that business activities can be divided into five categories as follows:

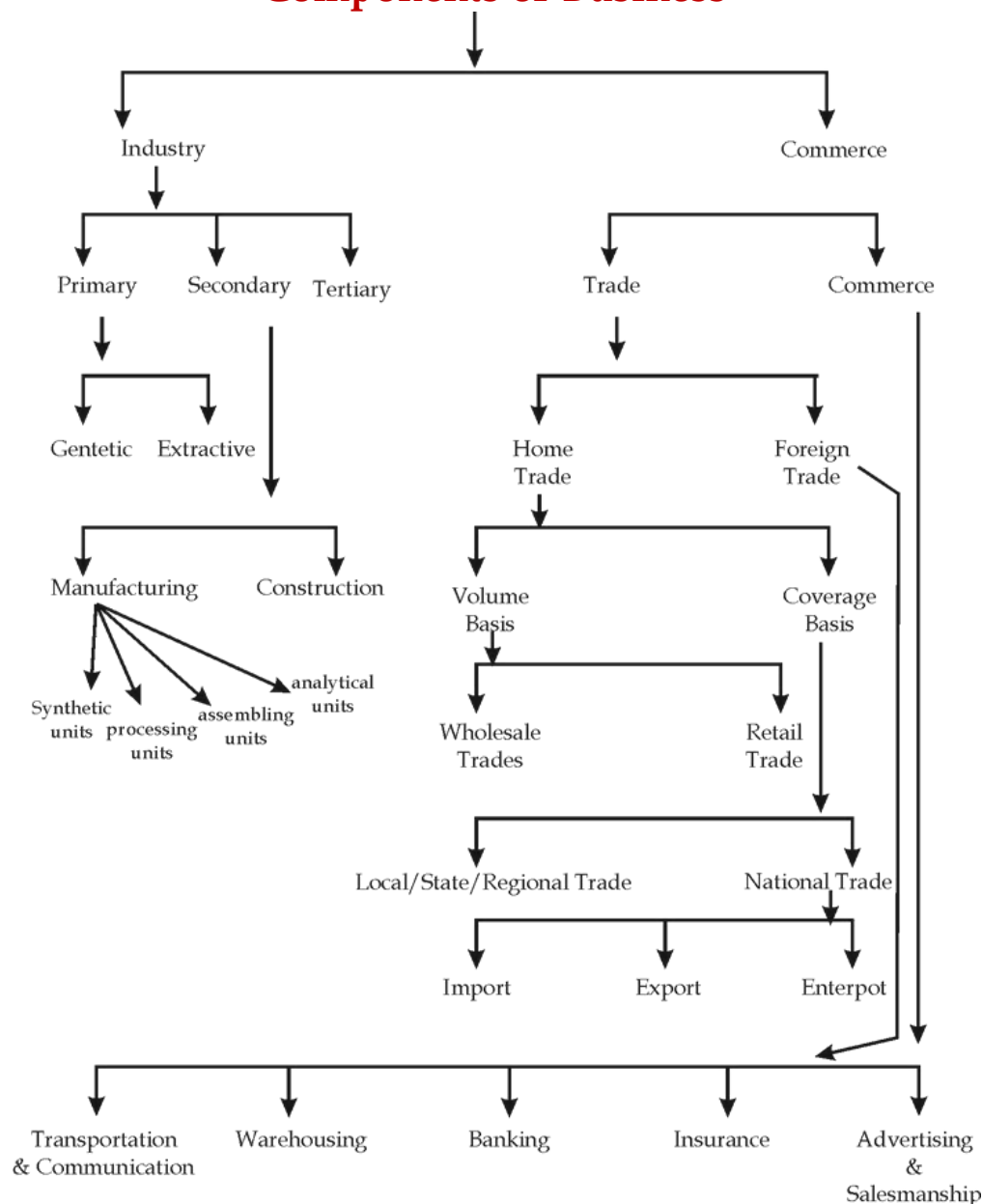
- (1) To production of goods
- (2) To rendering of services
- (3) To distribution of goods.
- (4) Rendering distribution assistance
- (5) Rendering financial assistance

Broadly speaking, the range of activities performed under 'Business' can be broadly classified under two categories:

- (i) Industry
- (ii) Commerce



Components of Business



Industry

Industry refers to all economic activities involved in converting raw materials into finished products which are ultimately consumed by consumers, such as:

- The making or manufacturing of goods, i.e., connected with conversion of resources into useful goods.
- Growing, producing, processing, assembling, extracting, constructing, fabricating, breeding etc. of products.



- (c) Imparting utility to goods using mechanical appliances and technical skills.
- (d) A group of firms producing similar or related goods, e.g., textile industry, film industry etc.

Outcome of Industrial Activity:

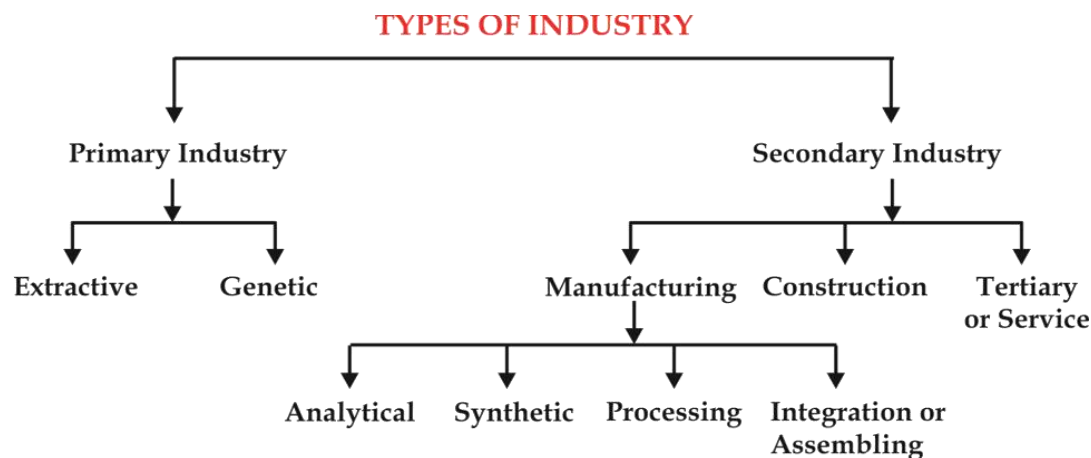
"Goods" are the final outcome of any industrial activity which utility wise either may be:

1. **Producer's Goods:** The goods produced are used by other enterprises as raw material for further production. For example, plant and machinery, equipment, tools etc.

2. **Consumer Goods:**

The goods used by final or ultimate consumers for deriving personal satisfaction. Consumer Goods. For example; jams, clocks, edible oil etc.

Types



According to nature of activities performed, the industries are broadly classified as:

I. **Primary**

Primary industry includes those activities which are concerned with extraction, producing and processing or extraction of natural resources. The primary industry can be further classified into following types:

A. **Extractive:**

This industry is engaged in raising some form of wealth from the soil, climate, air, water or from beneath the surface of the earth. For example, agriculture, fishing, hunting, mining, soil exploration etc. These industries have the following distinctive features:-

- (i) These industries are the oldest occupation of human beings and provide raw material to others.



- (ii) Human beings only collect and cannot add to the wealth extracted from the earth or sea.
- (iii) Only the location of materials is shifted.
- (i) Materials once extracted, cannot be basically replaced.

B. Genetic:

Genetic industry is related to the re-producing and multiplying of certain species of animal and plants with the object of earning profits from their sale.

It is concerned with rearing and breeding of animals and birds and growing plants. Nurseries, cattle breeding fish hatcheries, poultry farms etc are a few examples of genetic industry.

II. Secondary:

Secondary industries which are concerned with the transformation of the materials provided by primary industries are referred as secondary industries. For example - the mining of gold is primary activity but manufacturing gold jewelry is secondary. They may be of:

A. Manufacturing

The industries engaged in the conversion of raw materials into semi-finished or finished goods are said to be manufacturing industry. This industry creates form utility in goods, produced by either genetic or extractive industries; thus making them suitable for human use. Most of the goods which are used by consumers are produced by manufacturing industries. Manufacturing industry may be classified as follows:-

(i) Analytical

This industry is concerned with analysing and separating basic materials for getting distinct final products. For example - separating or refining crude oil into kerosene, petrol, diesel, gasoline, lubricating oil etc.

(ii) Synthetic

This industry is concerned with grouping together or combining or synthesizing various raw materials in manufacturing process to produce a final product. Cement, paint, soap and yarn industries are examples of synthetic industry.

(iii) Processing

In this industry, a product passes through various processes to become a final product. The finished product of one process becomes the raw material of the receiving process and soon the final process produces the finished goods. In case of cotton textiles, cotton passes through ginning, weaving, dyeing to make cloth as a final product.



For example: Sugar and paper industries are other examples of processing units.

(iv) Integration or Assembling

In this industry, the final product is the outcome of assembling various parts or components together. Bicycle, automobile, television etc are typical examples of assembling units.

B. Construction:

This industry is engaged in the creation of infrastructure for the smooth development of the economy. It is concerned with the construction, erection or fabrication of products as buildings, dams, roads, bridges, canals etc.

Here engineering and architectural skills are of prime importance.

C. Tertiary or Service:

Service industry comprise of activities concerned with the rendering of services which help other businesses to perform unhindered. They serve as the back bone of modern industrial system. Tertiary units bridge the gap between the producers of goods and services and their consumers. They help in removing various hindrances which arise during the production and distribution of goods and services:-

- Transport facilitates the movement of goods from one place to another.
- Banking provides credit facilities to industrial and trading firms besides providing banking services.
- Insurance covers various kinds of business risks
- Warehousing provides storage facility to the producers and traders
- Advertising provides information to consumers.

Commerce

Commerce is concerned with all those activities which facilitate exchange of goods/services or relates to the transfer of goods from one place of production to ultimate consumers; without commerce production has no meaning.

An exhaustive, definition of commerce has been given by James Stephenson, "*commerce embraces all those processes which help to break the barriers between producers and consumers. It is the sum total of all those activities, which are engaged in the removal of hindrance of persons (trade) place (transport and insurance) and time (ware housing) in the exchange (Banking) of commodities,*".

Thus the purpose of commerce is to ensure the supply of goods and services at the right place, in the proper quantities at right time and in right condition as and when they are needed. Time place and possession utilities are what commerce creates.



Components

Commerce can be classified into two broad range of activities:

- A. Trade
- B. Auxiliaries or Aids to trade

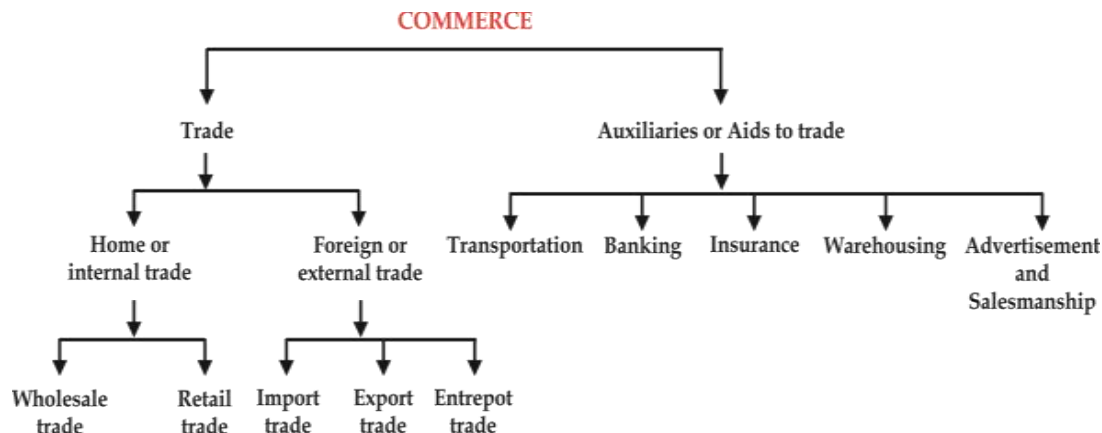
A. Trade

Trade is referred as the nucleus of commerce around which other aids/auxiliaries revolve. The producers cannot come into direct contact with all consumers as buyers and sellers are often situated geographically far from each other. From the producers acquiring the goods to be made available to the consumers is said to be trading.

So the channel which facilitates the smooth and timely transmission of goods from the producers to the consumers is called trade. Trading removes the hindrance of persons.

Types

- (i) Home or internal trade
- (ii) Foreign or external trade



I. Internal or Home

When buying and selling of goods take place within the boundaries of a country i.e. inside a Nation is called as Home, Domestic or Internal trade. Here:

- Buyer and sellers belong to the same country.
- Mode of payment is in the same legal tender approved for the country.
- The trade is done locally, regionally or inter-state wise, abiding by the same land laws.

Home trade may further be classified as:

a. Wholesale

Wholesale Trade involves the purchase of goods in large quantities from the producers and their resale in small quantities to retailers.

**Features:**

- Wholesale deals in bulk buying from producers to be resold to retailers in small quantities.
- Wholesale deals in a few types of product mostly.
- Wholesale is a link a channel between producer and retailer.
- Producers generally determine the specific area to be served by wholesale.
- Display of goods doesn't happen
- No direct sale to consumers.

b. Retail

The activities involved in selling directly to the ultimate consumers for personal or non-business use in said (single/small) quantities is said to be retail trade:

Features:

- Personal contacts with the customers are maintained
- Large variety of goods are appropriately displayed
- Goods are mostly sold on cash
- Retailer serves as a link between wholesalers and consumers.
- Is a direct source of providing feedback about the market.

II. Foreign

Buying and selling of goods between two or more nations is called as foreign or international or Internal Trade.

Features:

- Foreign trade involves the exchange of currencies because the currency of one country is not the legal tender in the other country.
- Land laws, rules, regulations, customs of two countries prevail as buyer and sellers belong to different nations.
- Distances involved are far and thus more time consuming.

Types:

Foreign trade transactions are classified under three categories:-

- (i) Import Trade -It refers to the purchase of goods from a foreign country
- (ii) Export Trade -It refers to the sale of goods to a foreign country.
- (iii) Entre pot Trade: -Purchasing or importing goods from one country to be sold or exported to some other country is called as '*entre pot*' trade.



B. Auxiliaries

In course of exchange of goods, an entrepreneur may come across several problems regarding finance, knowledge, time, person, and place, requiring immediate solution. The flow of goods/services from producers to consumers is obstructed by many environmental factors. All these difficulties are overcome with the help of various agencies or support systems known as 'Aids to Trade' given as:

1. Transportation:

Transport helps in removing the hindrance of place in exchange of goods and services. Producers and purchasers are geographically scattered.

Transportation forms a link so that the commodities can be carried from their place of production to the place of their consumption. The physical movement of goods or passengers from one place to another is called transportation.

Modes:

- (i) Railways
- (ii) Roadways
- (iii) Airways
- (iv) Waterways
- (v) Pipelines

Similarly, to facilitate the transactions to materialize, various modes of communication traditional and modern both like telephone, telegram, e-mails, online, fax etc. are taken care of by commerce.

2. Banking:

Finance is the backbone of business; it is required from the moment when raw material is purchased till the sale of the finished product. Business needs continuous supply of finance to meet out multiple and recurring demand of:-

- Commencement
- Day to Day operation
- Expansion
- Modernization
- Diversification
- Research and Development
- Innovation

An entrepreneur is usually short of self-owned funds and needs to compensate by borrowing from outside. Banks came to the rescue and are regarded as trader in money and credit. Banks not only fulfill the fund requirement of entrepreneur, but also provide services



- Guidance and counseling
- Guarantor in foreign trade
- Underwriters for new enterprises
- Custodian of documents etc. in foreign trade.

Thus banks remove the hindrance of finance.

3. **Insurance:**

Business is full of risks and uncertainties. Risk in transporting goods, risk to goods due to theft, fire, damage, risk due to death of key employee etc. Insurance removes the hindrance of risk by providing cover against it. The insurance coverage has given a fillip not only to the national but also to the international trade.

4. **Warehousing:**

The goods are produced in anticipation of demand. They may also be produced at a time when they are not needed. So there is a need to store goods up to a time these are not required for consumption.

'The hindrance of time is overcome with the help of warehouses. Storage creates time utility,' helping producers to concentrate on non-stop production of goods. It is because of this activity that the entrepreneur can keep their stocks safe custody during the dull seasons. They can carry on production throughout the year and can sell their products whenever there is effective demand.

5. **Advertisement and Salesmanship:**

In today's competitive market it is not possible for a businessman to sit and wait for customer after investing heavily in business:-

To attract customers towards his product, a producer has to provide full knowledge of his product to the customer. Here comes advertisement and salesmanship which enhances:-

- a) The knowledge of the customer about the products available in the market.
- b) Helps customer in making a decision about the purchase of the product properly and sensibly.

In this way, advertisement eliminates the hindrance of information.

To sum up, it is commerce, the sum total of these processes of transport, communication, warehousing, advertisement, and banking and insurance that ensures free flow of goods and services in our economy. Commerce makes our economy sail.



SUMMARY

Business is an economic activity which involves production or processing and sale or exchange of goods and services at regular basis with an aim of earning profit.

Range of Business Activities:

A. Industry:

Refers to all economic activities involved in converting raw materials into finished products which are ultimately consumed by consumers.

Types of Industry:

- *Primary industry*
- *Secondary industry*
- *Tertiary industry*

B. Commerce:

Refers to all those activities which facilitates exchange of goods / services or relates to the transfer of goods from place of production to ultimate consumers.

Components of Commerce

Trade

- *Home*
- *Foreign*

Auxiliaries

- *Transportation*
- *Banking*
- *Insurance*
- *Warehousing*
- *Advertisement and Salesmanship*

Marketing Mix

Marketing is merely a civilized form of warfare in which most battles are won with words, ideas and disciplined thinking.....- Albert W. Emery

Miraculous Marketing

"A customer came in wanting to buy a small fishing hook, I sold him a set of large ones and some bait. Then I told him, since you bought so much of fishing equipment, why don't you go up stream and catch some really big ones?"



The customer said that it was a very good idea but he did not have a boat. So I told him, "that is not a problem, we have a lovely boat and we can sell it to you". Then I told him, "Now that you have a boat, why don't you go to the woods that the river leads to and camp the night? We will even throw in some Budweiser free for you." 'The customer said he loved the idea, except that he did not have any camping equipment. So I told him not to worry that we have some wonderful over that we could sell him. He looked at all that he had shopped and said, "I have done so much shopping, how will carry all of their with me?" and I told him 'Don't you worry we have an awesome 4 x 4 truck and we would be more than happy to sell it to you."

Walton then asked him, "Are you seriously trying to tell me that a man came to buy fishing hook and you sold him a boat, camping equipment and truck"?

The boy replied, "No Sirjee, the customer came in saying he had a headache and wanted a pill for it. I told him fishing was a good way to get rid of the headache."

Marketing, an ancient art, includes all activities pertaining to creation of place, time and possession utility. It's a process of discovering and translating consumer needs and wants into products and services, creating demand for these products and services and then increasing this demand. In fact, marketing, in any economy, activates the production-consumption chain.

Marketing Mix:

There are a number of aspects involved in marketing a product or service. Some of them are controllable and others are uncontrollable. Those which are uncontrollable, least could be done about them. But some controllable aspects are:

- The features of the product,
- Its' price
- Its 'selling system i.e. through own salesmen/retailers
- Its' advertisement mode selection etc. gives entrepreneur a number of alternatives to choose from. Rational entrepreneur always tries to choose a mix of alternatives or decisions amongst the alternatives which may yield the maximum return to them.

As a result, the entrepreneur designs and carries out mostly all activities and programmes in its effect to win customers. All these attempts keep revolving around the basic task of "Total Offer" to the consumer in such a manner that:

- (i) The offer fulfils the needs of the consumer
- (ii) The terms and attributes of the offer are acceptable and beneficial to the consumers,
- (iii) All the organizational goals, including profits, are achieved in the process.

As the foremost duty of the entrepreneur is to make this 'Total Offer', the needs to perform it very systematically, calculatedly, attentively and step by step

- (a) Firstly, choosing the **PRODUCT** that would actually meet the identified needs of the chosen consumer group.



- (b) Secondly, by performing various **DISTRIBUTION** functions like transportation, warehousing, channel management etc. the consumers conveniently get the desired product.
- (c) Thirdly, by carrying out a number of **PROMOTIONAL** measures like advertising, sales promotion etc. with a view to communicating with the consumer and promoting the product,
- (d) Lastly, by using the **PRICING** mechanism to achieve the consummation of the marketing process, striking the balance that is acceptable to the firm as well as the consumers.

Thus, the combination of product, price, promotion and place (distribution) activities needed to meet marketing objectives is said to be marketing mix. It is a set of controllable variables that the firm can use to influence buyers 'response'.

It was James Culliton, the American marketing expert who coined the expression 'Marketing Mix' and described manager as a "MIXER OF INGREDIENTS". Subsequently, Neil H. Burden of Harvard Business School popularized the concept of the marketing mix. Neil defined the mix as "the apportionment of efforts, the combination, the designing and the integration of the elements of marketing into programme or mix." Much later JEROME MC CARTHY, the well-known American Professor of Marketing, who described the mix in terms of the Four P's viz. product, price, place and promotion.

Benefits from Marketing Mix

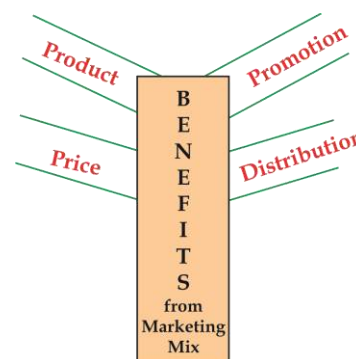
Marketing mix is future marketing strategy to boost sales. It is a planned activity aimed at progressive growth of the enterprise. The enterprise is benefited by the marketing mix. Benefits are summarized as under:

1. Product Oriented:

- (i) According to needs of the customers
- (ii) Saleable quality
- (iii) Improving the quality
- (iv) Attractive designing and packaging
- (v) After sales services

2. Price Oriented Benefits:

- (i) Determination of price according to the paying capacity of customers
- (ii) Fair pricing of the product
- (iii) Credit facility
- (iv) Discount and allowance.





3. Promotion Oriented:

- (i) Advertising
- (ii) Sales promotion
- (iii) Personal selling.

4. Distribution Oriented:

- (i) Availability at the right place
- (ii) Availability through convenient outlets.

Marketing Mix Variables:

As, marketing mix is a plan which designs marketing strategy regarding controllable variables of market mechanism, i.e., obtaining the perfect blend of marketing elements – 4 P's, in a way that there are optimum sales and optimum profits, the entrepreneur needs to have the four P's. It presents the best possible combination of basic marketing variables:

- (1) Product (2) Price (3) Place (4) Promotion

Assembling the marketing mix elements into a winning marketing programme is however, not easy. It involves many crucial decisions relating to the reach of the four elements.

A word about each of these four variables will help us understand Marketing Mix better:

I. Product Mix:

We know, marketing starts with the identification of human needs and culminates with the satisfaction of the same. It is by offering “something” that the marketing man achieves this culmination and this offering is the product:

A product means something more than a physical commodity. It has many dimensions requiring due consideration to be given to each. Under product mix, the entrepreneur works out the set of all product lines and items which he would offer for sale to the buyers.

Dimensions of the Product:

Where on one hand, a sound product is acceptable to the market and satisfies the preferences of the consumers easily, there, on other hand because of being sold easily in market it fetches good price too.

Marketing of the product requires on part of the entrepreneur to carefully plan out following dimensions in reference to their proposed product.

- 1. Volume of output, sales growth potential
- 2. Shape, size, weight, colour, features
- 3. Quality and standard of the product
- 4. Design and range
- 5. Brand name
- 6. Packaging and labeling



7. Product testing
8. After sale service

Mysore Sandal Soap has a total product personality. It is presented as a combination of luxury and tradition. The unique fragrance of sandal oil, the oval shape, the sandal odour and colour, brand name, premium price, and positioning as a luxury soap – everything has gone into the product's personality build up.

The aim of preparing a product mix is to provide a product that offers a variety of satisfaction to the consumers.

Nature and Classification

Product can be classified on the basis of:

- (a) Durability - perishable, non-durable, durable services
- (b) Utility- capital/producer goods, consumer goods, intermediary goods
- (c) Weight wise - heavy and bulky goods, voluminous goods

Standard quality products satisfy the society.

II. Place or Physical Distribution:

Asian Paints was founded in 1942 as a small Indian partnership firm at a time when the paint industry was fiercely competitive. Asian Paints through its modern manufacturing facilities offers the widest range of paints among all the paint companies in India, in terms of products shades as well as pack sizes. AP captured the top position in the decorative paints segment, with around 39% shares of the organized paint market.

The story of Asian Paints (AP) is a story of 'DISTRIBUTION EXCELLENCE' sky-rocketing a company to marketing leadership.

The marketing success of AP was based on realisation that the semi-urban market was untapped and the small consumer neglected. To reach those consumers in small towns, the company built a broad distribution network across the whole country. From small towns Asian Paints moved to reach out to the metropolitan market. Today, the network with 18,000 retailers across the country, Asian Paints has achieved an enviable position.

Physical Distribution is the task of moving the goods and services from the place of production to the place of their consumption. It creates both place and time-utility to a product. A plan is devised about how the product should reach the prospective consumers.

This factor provides utility to the consumer, that is, it makes a product convenient to be purchased when it is needed. This place mix determines not only the place, where the product should be made available but also whether goods are to be marketed through wholesalers, retailers, retail outlets on any other channel. The entrepreneur generally decides upon:-



(a) Channels of distribution

(b) Modes of distribution

This variable must also be consistent with other marketing mix variables. It is the accomplishment of the guaranteed minimum service in the delivery of the product that makes the system efficient.

A. Distribution Channels:

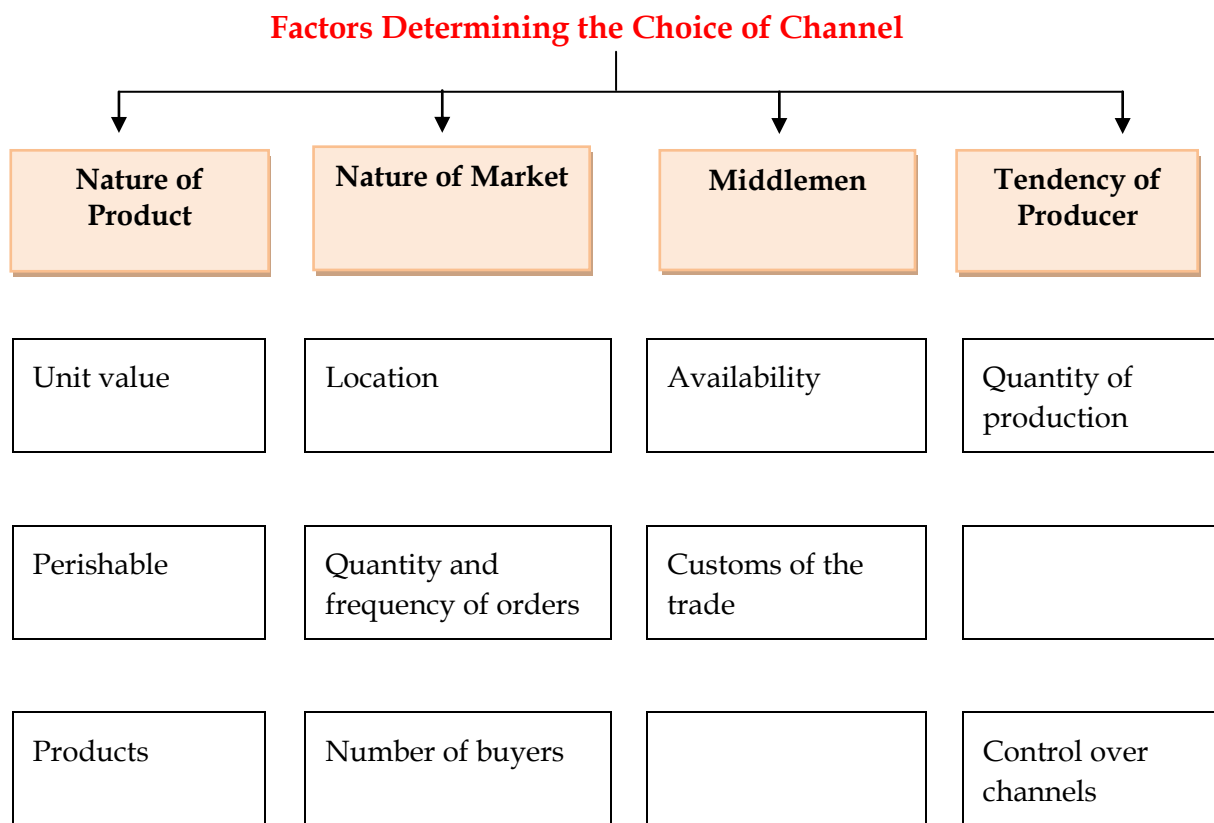
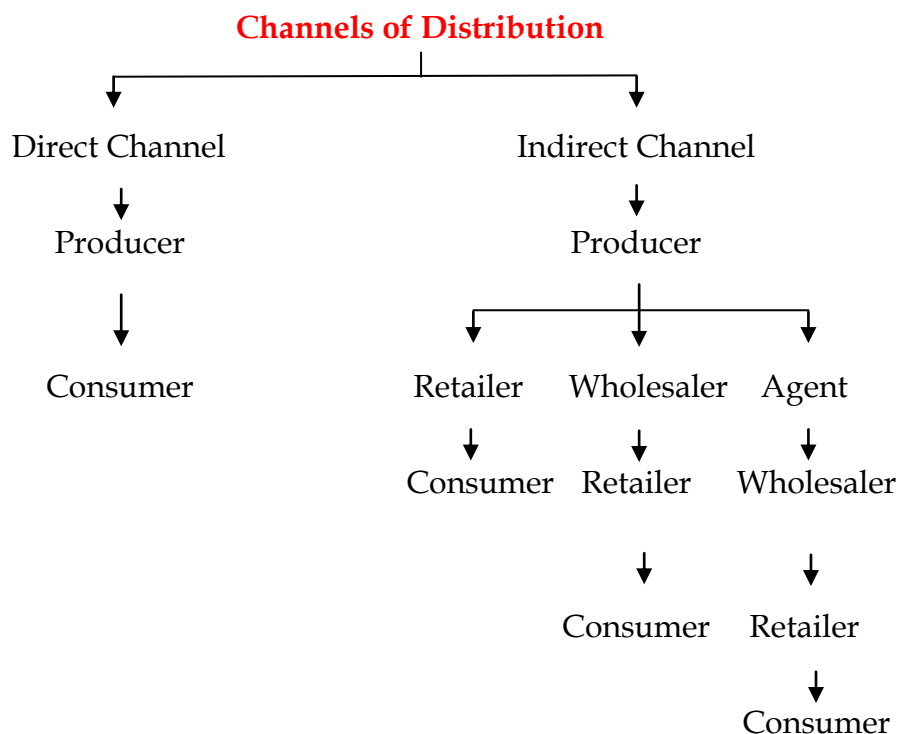
In fact, channels of distribution are like pipelines which take the right quantities of the right product to the right location, where the target consumers want them at the right time.

These channels, in a way, refer to the methods of marketing and most common ones being:-

1. **Direct Channels/Zero-level:** Through this channel, the producers supply the products direct to the consumers. The producer, here either supplies directly to the consumer or through its retail outlets. An ordinary single bakery, Frontier Biscuits, Bata Shoe Company, etc. are the examples of this type of channel.
2. **Indirect Channels:** In this type, the producers supply their products through one or more intermediaries. According to the number of intermediaries, the following are the types of channels:
 - (i) **Producer-Retailer-Consumer (One level channel):** Under this type, producer sells the product to retailer, who in turn sells to the consumer. The producers of refrigerators, washing machines, etc. sell their products to retailers, who then sell the same to consumers.
 - (ii) **Producer-Wholesaler-Retailer-Consumer (Two level channels):** This is the most common channel of distribution. Under this channel, two intermediaries viz., the wholesaler and retailer are involved between the producer and the consumer. Some popular products distributed through this channel are sugar, soaps, ghee, grains, etc.
 - (iii) **Producer - Agent - Wholesaler - Retailer - Consumer (Three level channels):** Under this type, the producers take the help of agents who, in turn, supply to wholesalers and then through the retailers, the goods ultimately reach the consumers. The channel is common where the producers have to distribute a limited product line to cover a wide market. The agents take the responsibility of covering a fixed area. Hindustan Levers, for example, appoints the agents or distributors who sell both to the wholesalers and retailers for onward distribution to consumers.



The above types of channels are shown below.





Size and weight	Consumers of industrial products market	Competence of managers	Competence of managers
Standardized products	Buying habits of consumers	Government control	Financial position
Technical products	Credit facilities		Distribution policy
Capital goods			
Introduction of newly manufactured products			

B. Modes

How the physical movement of goods from the place of production to the place of consumption will take place, is the next variable to be worked out. It includes all the activities relating to the physical movement of product from the seller to buyer - viz. (i) Transportation (ii) Warehousing (iii) Inventory control of products.

Different modes:

The common modes of Transportation are classified as follows:

- (1) Railways
- (2) Roadways
- (3) Waterways
- (4) Airways
- (5) Pipelines



The entrepreneur needs to have an effective combination of modes worked out while selecting a Mode. An entrepreneur should study, compare and evaluate following variables before selecting any mode of transferring goods.

- Cost
- Flexibility
- Availability
- Nature of Commodity
- Requirement of customer
- Duration involved
- Speed and safety parameters.

III. Promotion Mix:

The advertising campaign for Onida Television will remain in the history of Indian advertising as a brilliant piece of creative work – it challenged the unwritten advertising rule that advertisement had to be pleasing.

Nirma took on the then market Leader, Surf by product's positioning through creative advertising. For many years, Amul Butter has been running a unique type of advertising campaign through hoardings in major cities of the country. These hoardings focus on current events, incorporating a catchy slogan through the clever use of words including either 'Amul', 'butter' or both often using the 'Amul' Cartoon characters.

It is usually necessary for the entrepreneur to inform potential consumers about the products, availability or to educate the consumer, using different promotional tools. Promotion mix is concerned with the activities which are undertaken to boost the sales through its sub-components tools.

A question arises how we gain knowledge of so many things. The promotion mix is that combination which tries imparting and popularizing the product / service for people. The role of Promotion Mix is:

- (1) Do image building of product.
- (2) Create product identity
- (3) Educate consumers
- (4) Boost sales and profits
- (5) Ensure consumer's satisfaction
- (6) Keep memory alive for a product in economy.
- (7) Encourage innovation



Tools/elements of Promotion Mix:

1. **Personal Selling:** An art to induce people to buy the product. It is an effort to win the everlasting confidence of the consumers.
2. **Advertising:** An activity which establishes non-personal contact with the customers regarding the product, idea and service. It is an effort to create and sustain the demand for the product.
3. **Publicity:** Unpaid mention of the enterprise, its product, and brand by the news media in newspaper, journals, radio or television. It is an uncontrolled form of promotion.
4. **Exhibitions and Demonstration:** Promoting the product, where the enterprise may display product in fairs and exhibitions. It may also demonstrate the product and its actual working.
5. **Public Relations:** The enterprise may start public contact programmes to introduce the product in the market.
4. **Sales Promotion:** It is an effort to stimulate customers to buy more and more of particular commodities like buy one get one free, discount coupons etc.

Each promotional tool has its own unique characteristics and costs. The entrepreneur should carefully evaluate each alternative medium, considering:

- Cost
- Effectiveness
- Objective
- Coverage
- Market trend
- Competitors tool
- Nature of the product
- Consumer targeted

IV. Price Mix:

Price is all around us. You pay tuition for your education, fee to your physician, fare for boarding train, the price of an executive is a salary and that of a worker is wage. The fee you pay to the school is the price for availing its services. Clubs or societies to which you belong may make a special assessment to pay unusual price. Thus, price of a product is the amount of money paid by the buyer to own the product or service.

Meaning of Price:

To put it simply, 'price' is the exchange value of a product. Basically, price revolves around two major components:-



- (a) **Utility:** The generic property of the product to satisfy the need or want of the consumer.
- (b) **Value:** The quantitative worth the consumer attaches to the product, for which he is willing to part with a certain quantum of money.

From the marketer's point of view, an efficient price is a price that is very close to the maximum that customers are prepared to pay. Pricing is the process of determining what company will receive in exchange for its products. It decides the preferences of the buyer too in the market.

Pricing is undoubtedly one of the most important decision areas of marketing. Price and sales volume together decide the revenue of any business. Determination of a perfect price by a firm decides not only the marketing strategy but it may act as a boon or a bane for the product's future. Thus, Price Mix is the determination of Money Value of any product or service.

Factors Influencing Pricing

The factors that influence the pricing decisions of any enterprise can be categorized into two:-

- (i) Internal Factors
- (ii) External Factors

I. Internal

"Every enterprise believes strongly in the basic philosophy on pricing that certain costs of manufacturing and marketing must be recovered through the price.

Thus the entrepreneur's pricing decisions have to be consistent with this philosophy. The pricing strategy usually gets affected by following internal factors:-

- (i) Corporate and marketing objectives of the firm
- (ii) The image sought by the firm through pricing
- (iii) Cost of manufacturing and marketing
- (iv) The uniqueness' & utility of the product i.e. the extent of distinctiveness of the product and extent of product difference practiced by the firm.
- (v) Price elasticity of demand of the product.
- (vi) Other elements of the marketing mix of the firm and their interaction with pricing.
- (vii) Use pattern and turn around rate of the product.
- (viii) Composition of the product line of the firm.

II. External

Business does not live in isolation. The environment in the form of sum total of all forces and things external to business firms viz. (legal, technological, political, economic, social etc forms the external crust,) government, consumers, competitors, society, suppliers etc



effects the survival, growth and enterprises functioning. All these factors either appreciate or disapprove the acts, policies, objectives and functioning of the enterprises. Thus enterprise cannot dare to either ignore or defy them.

Thus, external factors which exercise influence on pricing are:-

- (i) Market characteristics
- (ii) Nature of economy
- (iii) Nature of competition
- (iv) Bargaining power of major consumers
- (v) Bargaining power of major suppliers
- (vi) Competitors pricing policy
- (vii) Government controls/regulations on pricing
- (viii) Societal or social considerations

Therefore, before finalizing the price, the entrepreneur must work out in detail the following factors:

- a) Cost of the product
- b) Demand for the product
- c) Competition in the market
- d) Government regulations related to pricing
- e) Consumer behaviour
- f) Objectives of the enterprise
- g) Terms of credit

Importance of Pricing:

Price is the only element in the marketing mix that produces revenue, the other elements produce cost. Thus, it is essential that we get a good picture of the significance of pricing.

(a) Key to Revenue:

Price and sales volume together decide the revenue of any business. As the sales volume in itself is dependent on price, "pricing really becomes the key to revenue of the business".

(b) Attract Customers:

Pricing's power to break customer's brand loyalty by a lower price in the market needs no evidence or elaboration.

(c) Edge Over Competition:

Consumers want the maximum quantity at minimum prices. Good quality but at reasonable price is their demand. So it is competition that contributes the maximum to the importance of pricing. It is competition again, that makes pricing a highly dynamic function. And in meeting competition, pricing decisions acquire their real importance.



(d) Crucial to Profits:

Pricing is crucial to profits. It is a risky area of decision in marketing management. Mistakes in pricing decisions seriously affect the firm's profits, growth and future.

(e) Platform for Achieving other Objectives:

A business firm may have a number of objectives, some short term, some long term, some primary, and some secondary to be attained. This is one of the reasons why today corporate go in for profit optimization rather than profit maximization (i.e. an optimum level of profit over a long period as a sounder objective of pricing than maximum profit in the short-term).

The various objectives sought to be realised through pricing are listed below:-

- (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) Target sales volume
- (vi) Target market share
- (vii) Deeper penetration of the market
- (viii) Entering new markets
- (ix) Keeping competition out, keeping it under check.
- (x) Keeping parity with competition
- (xi) Fast turn around and early cash recovery
- (xii) Providing commodities at price affordable by weaker sections

A multiplicity or mix objectives is inevitably involved in pricing. Each firm seeks to meet a community of interests through its price policy only, the significance of pricing for the corporate can be well judged and understood.

Methods used for Pricing:

Price is Magical

In the early nineties, growth in newspaper demand had slowed down considerably. Television had started making a dent into the print medium. Bennett Coleman, owner of the Times of India (TOI) group of newspaper introduced an innovative pricing strategy with the objective of increasing their sales and market shares. Traditionally, newspaper in India have been sold on a monthly basis through they are a daily product. TOI altered this long standard practice.

It announced that on all "Wednesdays" the newspaper would cost only Rs. 2 against the price of Rs. 5 on all the other days.

Subsequently, Rs. 2/- was extended to all days of the week except Saturdays and Sundays.



The aim was to gain a larger chunk of the existing market as also to enlarge the market by tempting the readers with reduced prices on some days of the week.

Nearly the circulation trebled in less than two years.

Some methods and policies which are individually and collectively used in pricing decisions are as follows but will be discussed in detail in higher classes.

- Cost Plus Pricing Method
- Variable Price Method
- Base Price and Discounts Method
- Market Rate Method
- Skimming Price Method
- Penetrating Pricing Method

Thus, as marketing mix is a future marketing strategy, to boost sales and capture the major market area, it should be

- Properly Planned Aiming at Progressive Growth of Enterprise
- Realistic and Attainable
- Flexible but Deterministic
- Effective and Efficient.

The entrepreneur should not hesitate to take expert opinion before compiling a marketing mix.

Critical Decisions for Marketing Mix: An Overview

Marketing Mix Variables	Critical Decisions
Product Variables	Qualify of components of materials, style, features, options, brand name, sizes, packaging, service availability warranties, pre - sale and after sale
Price Variables	Pricing policies, levels of prices, level of margins, discounts/ rebates. Terms of delivery, payment terms, credit terms and installment facilities resale price, maintenance, cost, quality image
Place (Distribution) Variables	Channel of distribution, types of intermediaries, channel design, location of outlets, channel remuneration and dealer - principal relations, length of channel. physical distribution, transportation, ware housing, inventory levels, order processing
Promotion Variables	Personal selling: objectives, level of efforts, qualify of sales force, cost level, level of motivation, advertising: media mix, budgets, allocations and programmes sales promotional effects, display, contests, trade promotions publicity and public relations.



Obviously, it is possible to combine the four Ps in several different ways. Each of the combinations will vary from the others in its impact on the market and in cost-effectiveness.

The impact of the mix would be best when the correct weightage is assigned to the difficult elements of the mix and they are integrated very well with one another so as it is able to harmonies and synthesis all elements into a unified entity.

Factors Affecting Marketing Mix:

While determining suitable marketing mix following factors must be taken consideration regarding consumers', dealers', competitors' and government behaviour. These behaviours are enumerated herewith:

A. Consumers' buying Behaviour

- (i) Buying habits
- (ii) Living habits
- (iii) Purchasing power
- (iv) Attitude and preferences
- (v) Local environment, situations
- (vi) Number of consumers of the product

B. Dealers' Behaviour:

The behaviour of wholesalers and retailers is studied:

- (i) Motivation
- (ii) Structure, practice and attitude of dealers
- (iii) Financial strength of dealers
- (iv) Expected change in the behaviour

C. Competitors Behaviour

- (i) Size and strength of competing units
- (ii) Number of competitors
- (iii) Practices and attitudes of the competitors
- (iv) Motives
- (v) Trends in demand and supply

D. Government Behaviour:

It implies government controls regarding:

- (i) Products
- (ii) Prices
- (iii) Competitive practices
- (iv) Restrictive Trade Practices
- (v) Advertising and Promotion



James Culliton, the American marketing expert, described the marketing manager as "Mixer of Ingredients"

To quote James,

"The marketing man is a decider and an artist - a mixer of ingredients, who sometimes follows a recipe prepared by others, sometimes prepares his own recipe as he goes along; sometimes adapts a recipe to the ingredients immediately available; sometimes invests some new ingredients and sometimes experiments with ingredients as no one else has tried before."

Constant Juggling:

Blending the marketing mix elements into a winning combination is a continuous task and not a one shot' assignment. The mix may require constant changes due to:

- (i) Changing environmental variables
- (ii) Internal changes happening, within the enterprise.
- (iii) Ever changing preferences, likings trends of customers.

Thus, there is no for-ever-valid marketing mix. Within a certain durable framework, the elements of the mix have to be very carefully and minutely worked out. Moreover, there is no marketing mix like a strait jacket to fit in every enterprise due to:

- (i) Difference in the nature of business undertaken
- (ii) Difference in size of operation
- (iii) Difference in type and nature of product
- (iv) Legal requirements
- (v) Technological specifications

SUMMARY

Marketing mix is the combination of Product, Price, Promotion and Place activities needed to meet marketing objectives.

Marketing Mix Variables:

1. Product:

A product is anything that can be offered to a market for attention, acquisition, use or consumption. It includes objects, services, personalities, places, organisations and ideas.

Classification of Products:

- Consumer Products
- Industrial Products

Important Attributes of a Product:

- Size, ingredients, range, colour, weight, quality, shape etc.
- Packing, Packaging, Branding, Labeling, Grading etc.



2. **Place:**

Place or physical distribution includes all those activities that are needed to make the product available to the target consumers.

Place Mix: Two important decisions relating to place are required to be made:

(a) *Decisions regarding Channels of Distribution i.e.*

- *Direct Channel – Manufacturer sells the product directly to consumer without any intermediary.*
- *Indirect Channel – Manufacturer sells the product through intermediaries like wholesaler and retailers.*

(b) *Decisions Regarding Physical Movement of Goods:*

The process of physical movement of goods involves four managerial decisions or components.

- | | |
|---------------------------|---------------------------------|
| (a) <i>Transportation</i> | (c) <i>Insurance</i> |
| (b) <i>Warehousing</i> | (d) <i>Inventory Management</i> |

3. **Promotion:**

Promotion refers to all such activities which intend to inform customers about the products of the company and persuade them to buy these products.

Elements of Promotion Mix:

- (1) **Advertising:** *Refers to any paid form of non-personal presentation and promotion of goods and services by an identified sponsor.*
- (2) **Personal Selling:** *Refers to the process of informing customers and persuading them to purchase products through personal communication.*
- (3) **Sales Promotion:** *Refers to short-term incentives, which are offered to encourage the buyers to make immediate purchase of a product or service.*
- (4) **Publicity:** *Refers to a non-paid form of impersonal communication.*

4. **Price:**

Price refers to the amount of money, which a customer has to pay to buy a product.

Factors Affecting Price Determination:

1. *Product Cost*
2. *Utility and Demand for the Product*
3. *Extent of Competition in the Market*
4. *Government and Legal Regulations*
5. *Pricing Objectives*



6. *Marketing Methods Used*

7. *Terms of Credit etc.*

Importance of Pricing:

1. *Key to Revenue*

2. *Attract Customers*

3. *Edge Over in Competition*

4. *Crucial to Profits*

5. *Platform for Achieving other Objectives.*

Methods used for Pricing:

1. *Cost Plus Pricing Method*

2. *Variable Price Method*

3. *Base price and Discount Method*

4. *Market Rate Method*

5. *Skimming Price Method*

6. *Penetrating Pricing Method*

Market, Market, Where Are You!(A)

Q.1. Answer each of these questions in about fifteen words:

(i) What is meant by E-Commerce?

Q.2. Answer each of these questions in about fifty words:

(i) Define 'Market'?

(ii) Define 'Traditional Markets'?

(iii) In what terms, with passage of time, did the industrial activity intensified?

(iv) What range of activities business comprise of?

Q.3. Answer each of these questions in about seventy five words:

(i) Give 3 points of difference between the Traditional Market and Modern Markets.

(ii) Discuss the role of E-Business in promoting the business community.

Q.4. Answer each of these questions in about one hundred and fifty words:

(i) Differentiate between E-Commerce and E-Business.



Analysing Market Environment (B)

Q.1. Answer each of these questions in about fifteen words:

- (i) What is Micro Environment?
- (ii) Give one point of difference between the Primary forces and secondary forces.
- (iii) Who is a producer?
- (iv) What is meant by the term Demographic Forces.

Q.2. Answer each of these questions in about fifty words:

- (i) Define 'Market Environment'.
- (ii) Define 'Macro Environment'?
- (iii) Define customers.

Q.3. Answer each of these questions in about seventy five words:

- (i) 'Performing Sellers' sustain and succeed in the market. How?

Q.4. Answer each of these questions in about one hundred and fifty words:

- (i) Differentiate between competitors and suppliers as primary forces of market.
- (ii) 'Customer is the King'. Do you agree? Justify your answer.

Q.5. Answer each of these questions in about two hundred and fifty words:

- (i) Discuss the primary forces that comprise the internal environment of the market.
- (ii) Explain the term Secondary Forces. What all external environment comprise of? Explain with suitable examples.
- (iii) Differentiate between the Micro and Macro environment.

Researching the Market (C)

Q.1. Answer each of these questions in about fifteen words:

- (i) What is 'Market research'?
- (ii) What is 'Market Survey'?

Q.2. Answer each of these questions in about fifty words:

- (i) To be characterized as 'good' market information, enlist any four essential characteristics to be possessed by it.
- (ii) Define 'Research Instruments'.
- (iii) Give one major difference between 'Market Research and Market Survey'.
- (iv) List the types of market survey conducted to extent information.



Q.3. Answer each of these questions in about one hundred and fifty words:

- (i) State the main steps involved in Marketing Research.
- (ii) Explain Marketing survey along with the methods of conducting the same.
- (iii) What role is played by 'Marketing Research'?
- (iv) Market survey can be used as a tool for betterment of Society. To conduct a fair survey, list 4 strong values of a surveyor.

Q.4. Answer each of these questions in about two hundred and fifty words:

- (i) Discuss the steps involved in conducting the market survey.
- (ii) "Market Survey" is an useless expensive tool". – Do you agree with the statement? Should it be dispense away with? Support you answer with reasons.
- (iii) Lalit Mesgs is planning to launch a new female clothing store. Draft a survey, not exceeding 10 questions as to collect some information that will be helpful in launching of this store.
- (iv) "Survey is a customized technique." Which technique is generally used for it? Throw some light on the importance and precautions of these techniques.

Expanding Markets (D)

Q.1. Answer each of these questions in about fifteen words:

- (i) Define 'Strategy'.
- (ii) Give another name for "Market Expansion Grid".

Q.2. Answer each of these questions in about fifty words:

- (i) Changing environment needs a strategic planning on part of business enterprises. What should there plan contain?
- (ii) Enlist the options available to a business enterprise in this fast changing environment.
- (iii) State the categories into which a corporate strategies can be divided.

Q.3. Answer each of these questions in about seventy five words:

- (i) When an entrepreneur selects to follow stability strategies?
- (ii) When does a firm opts to pursue expansion strategy?
- (iii) When does a firm opts to pursue expansion strategy?
- (iv) Define diversification strategy with help of an example.

Q.4. Answer each of these questions in about one hundred and fifty words:

- (i) 'Desire to grow and expand comes naturally to an entrepreneur". Do you agree? Give reasons for your answer.



- (ii) What is intensive expansion. Explain with help of an example?
- (iii) Differentiate between backward integration and forward integration.

Q.5. Answer each of these questions in about two hundred and fifty words:

- (i) List the different forms of Intensive Expansion. Explain the forms of Penetration strategies available to the firm. 666
- (ii) Discuss the forms available to an entrepreneur to go in for Integrative expansion along with examples.
- (iii) What is 'Market Development Strategy'. How can the same be applied by the entrepreneur.
- (iv) How can an entrepreneur enter a foreign market?

Know Thy Business (E)

Q.1. Answer each of these questions in about fifteen words:

- (i) Define the term 'Business'.
- (ii) What is the epicenter of human life?
- (iii) Enlist any four characteristics of Business.
- (iv) What is the final outcome of an industrial activity.
- (v) Name the various types of trade.
- (vi) What is 'Commerce'?

Q.2. Answer each of these questions in about fifty words:

- (i) State the range of activities performed under Business.
- (ii) Explain any two business activities which are auxiliaries to trade.
- (iii) Define 'construction industry'.
- (iv) Define 'tertiary industry'.

Q.3. Answer each of these questions in about seventy five words:

- (i) Define 'Trade' and its types.
- (ii) What is 'Business'? State its characteristics?
- (iii) Explain 'Transportation'. State the modes of transportation and communication.

Q.4. Answer each of these questions in about two hundred and fifty words:

- (i) State briefly the various types of Primary industries.
- (ii) Rahul, an owner of a huge Departmental Store, charges exorbitantly due to no competition around, and he misses out on no opportunity to earn profit. He finds nothing wrong as the main goal of business is to earn 'Profit'. Discuss any four values which you find are lacking in him as a rational businessman.



- (iii) Define commerce and discuss its functions.
- (iv) Differentiate between Industry Commerce and Trade, explaining the main characteristics of each.
- (v) What do you understand by the term Industry? Explain the various types of industries?
- (vi) Mohan Pvt. Ltd. just commenced with the business of Blue Pottery. Explain the auxiliaries required for the smooth functioning of their newly set enterprise.
- (vii) What are secondary industries? Discuss briefly the different types of secondary industries.

Marketing Mix (F)

Q.1. Answer each of these questions in about fifteen words:

- (i) What is 'Marketing'?
- (ii) What is 'Commerce'?
- (iii) To which tool of the marketing mix does 'Brand Name' pertain?
- (iv) What is meant by Price Mix?
- (v) What is done under place mix?
- (vi) Give one point of difference between Personal Selling and Sales Promotion

Q.2. Answer each of these questions in about fifty words:

- (i) Define the term 'Marketing Mix'.
- (ii) Enlist any four product oriented benefits from marketing mix.
- (iii) Arvind, the manufacturer of footwear sells the same to different retailers, who then sell to the consumers. Name the channel and level of distribution involved.
- (iv) List any four factors that influence the pricing decisions.

Q.3. Answer each of these questions in about seventy five words:

- (i) What is pricing? Discuss the various factors that determine the price of a product.
- (ii) Define product mix. What dimensions of the product are to be considered by the entrepreneur herein?

Q.4. Answer each of these questions in about one hundred and fifty words:

- (i) What is meant by indirect channels of distribution? Explain any two indirect channels of distribution.
- (ii) "Buy one get one free" is an example of one of the techniques of Promotion Mix. Name the technique. Explain any two other techniques of promotion mix.
- (iii) State the importance of pricing.



Q.5. Answer each of these questions in about two hundred and fifty words:

- (i) Of what help is a marketing mix for an entrepreneurs?
- (ii) You are the marketing manager of a company manufacturing toy car. Explain briefly, the factors to be considered by you before finalizing the price of the toy car.
- (iii) Explain briefly the place mix and its components.
- (iv) Determination of the price of a product is a very crucial decision' Why? Support your answer with reasons
- (v) Name the methods used for pricing. Define marketing mix. Draw a chart showing the components and sub-components of the mix.
- (vi) What is meant by market intermediaries? Can market survive without these intermediaries? Support your answer with the help of two reasons.
- (vii) Of what help is a marketing mix for an entrepreneurs?
- (viii) Explain briefly the place mix and its components.
- (ix) 'Determination of the price of a product is a very crucial decision' Why? Support your answer with reasons.
- (x) Enlist the different forms of Intensive Expansion. Explain the forms of Penetration strategies available to the firm.
- (xi) Discuss the forms available to an entrepreneur to go in for Integrative expansion along with examples.
- (xii) What is 'Market Development Strategy'? How can the same be applied by the entrepreneur?
- (xiii) Define commerce and discuss its functions.
- (xiv) What do you understand by the term 'Industry'? Explain the various types of industries?
- (xv) Mohan Pvt. Ltd. just commenced with the Business of Blue Pottery. Explain the auxiliaries required for the smooth functioning of their newly set enterprise.
- (xvi) What are secondary industries? Discuss briefly the different types of secondary industries.

Q.6. HOTS: (Higher Order Thinking)

- (i) "A scientific method more than any other procedure can minimize elements of uncertainty which result from lack of information". Do you agree? Give reasons.
- (ii) " Economic factors refer to the purchasing power of the potential customers." Explain. What is meant by the terms 'purchasing power' & 'potential customers'?
- (iii) Give one point of difference between the Primary forces and secondary forces.



- (iv) Define customers. Are customer and consumer synonyms? If no, write the differences between them.
- (v) You are the marketing manager of a company manufacturing toy car. Explain briefly, the factors to be considered by you before finalizing the price of the toy car.
- (vi) 'Customer is the King'. Do you agree? Justify giving reasons for your answer.
- (vii) Market survey can be used as a tool for betterment of Society. To conduct a fair survey, enlist 4 strong values of a surveyor.
- (viii) "Market Survey" is a useless expensive tool". – Do you agree with the statement? Should it be dispense away with? Support you answer with reasons.
- (ix) Rahul, an owner of a huge Departmental Store, charges exorbitantly due of no competition around to the misses out on no opportunity to earn profit. He finds nothing wrong as the main goal of business is to earn 'Profit'. Discuss any four values which you find are lacking in him as a rational businessman.

Application Based Exercise:

- (i) Anuj opens a grocery store. To advertise his shop in the local market he announces free coupons worth Rs 100/- and 200/- on a purchase of goods Rs. 1000/- and above. Which element of promotion mix is being used by Anuj? Explain with two more relevant examples.
- (ii) Lalit Mesgs are planning to launch a new female clothing store. Draft a survey, not exceeding 10 questions as to collect some information that will be helpful in launching of this store.
- (iii) "Survey is a customized technique." which technique is generally used for it? Throw some light on the importance and precautions of this techniques.

Activities:

- (i) We often identify a company or any product by its punch line and its logo". Designing a logo and a punch line for a product is a very creative job which attracts the customer. List any 10 products their punch line and their logo. Think of any business you would like to set up , mention the product you will manufacture give a name to it and make a logo for the same.
- (ii) Did you ever been to any trade fair? Isn't it fun going to trade fair looking at all beautiful and specialized products of different states or different countries? In groups of 5 organize a trade show for any 10 states of India, through power point presentation. List all the products those states are famous for.
- (iii) Taking franchise of any already successful business is very common these days. McDonald's, KFC, Wimpy, Domino's and so on and the list is long. List any ten Big business whose Franchise are running successfully in your state. Divide the class into small groups. Each group should pick a local franchise and brainstorm the advantages and disadvantages of owning it versus a similar local business.



- (iv) As time has changed so is the market, right from small shops to big malls, from teleshopping to E-commerce. New ways of market not only attract the customers but also make the world more closer. Write a newspaper article analyzing the current and traditional market conditions.
- (v) E-commerce has taken on! The technology has reached us in some way or the other and E-commerce is one such example. Right from traditional market to e-commerce is a big change in the business world. As every invention has their pros and cons so does E-com. In groups organize a workshop for the class discussing the Role of E-commerce and the precautions while using it also give your ideas for future economic and market conditions.
- (vi) The three C's of any business are "Consumers, Customers and Competitors". These are the three pillars who bring change in the market. List any 5 products of different purpose, for example - car, chocolate, laptop etc and write the consumers, potential customers and competitors for the same. Also, in groups make a poster discussing the role of Consumers, customers and competitors.
- (vii) Advertisement is one of the biggest ways to reach and convince customers to buy product. An advertisement in any form does make an impact on customers. In groups prepare an ad-mad show for a product of your choice.