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# 1. Introduction

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## Meaning of Marketing

1. It is the process of buying and selling goods and services.
2. It is concerned with understanding the needs of customers.
3. It focuses on customer satisfaction.
4. It promotes and distributes products.
5. It focuses on building relationship with customer
6. It helps to gain competitive advantage.
7. It helps to achieve profit.
8. It is a societal process.

| Need | want |
|---|---|
| i. It is in psychological form. | i. It is expressed ~~from~~ form of need. |
| ii. It is not socially restricted. | ii. It is socially restricted. |

Satisfaction → Performance of product meets expectation of customer.

Dissatisfaction → Performance of product is lower than expectation of customer.

Delighted → Performance of product is higher than expectation of customer.

## Importance of Marketing

### 1. Importance to customers

a. standard of living
b. Information
c. Satisfaction
d. Various of products.
e. Free of choice
f. Easy availability
g. Better buying decision
h. Awareness

### 2. Importance to Organization

a. Profit and sale maximization
b. Market Information
c. Distribution of product
d. Competitive advantages
e. To sustain
f. Market coverage
g. Environment adaptation
h. Image building

### 3. Importance to society

a. standard of living
b. Employment generation
c. Information
d. Freedom of choice
e. Satisfaction
f. social responsibility
g. social awareness
h. social change

## Fundamental / Basic principles of Marketing Concept

1. Target market
2. Customer oriented
3. Objective achievement
4. Integrated marketing - team work

1. Target market
→ A group of customers having similar needs.

4. Integrated marketing - team work

→ All marketing activities are organizationally coordinated under marketing department to achieve goals. Various marketing function work together to achieve goals. Marketing department coordinates with other department achieve goals. It is also called functional integration.

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## Marketing Management Concept

**Meaning**

It is getting marketing jobs done by people by planning, implementing and controlling the marketing activities to achieve goals. It coordinates physical, human, financial and information resources. It creates environment in which marketing people can do their best.

### Features of Marketing Management Concept

1. It is both an art and science.
2. It involves segmentation, targeting and positioning.
3. It is concerned with value creation and delivery.

### Marketing Management Task

1. Demand management
   a. understanding demand
   b. Stimulating demand - to attract the customers through ad.
   c. servicing demand - distribution

2. Customer relationship management (CRM)

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## Margeting Management Philosophies / Evalution of Marketing Concept / Business Oriented Marketing concept

There are 6 concepts.

1. The production concept
2. The product concept
3. The selling concept / promotional concept
4. The marketing concept
5. The societal marketing concept
6. The holistic marketing concept

1. The production Concept

Organization can achieve profit through mass production, mass distribution, at low price. It is the oldest concept, Japanese Company introduces this concept ~~fetted~~ followed by chinese company.

### features / approaches / assumptions / principles

i. Mass production
ii. Mass distribution
iii. low price
iv. Profit oriented

**Demerits**

a. Market is highly competitive
b. Demands are changing
c. Consumers are highly educated.

2. Product Concept

⇒ Organization can earn profit by low production with quality product that are reasonably priced. This concept has given birth to product like car, mobiles, plant and machinery etc.

Features

i. Quality production
ii. Low production
iii. Reasonable price
iv. Profit oriented

Demerits

a. Market is competitive
b. Change in technology
c. Change in customer needs.

3. Selling Concept

Consumers are ~~attacke~~ attracted to buy product through huge promotion. It is aggressive selling. This concept is successful in the field of ~~patient~~ political marketing. Voters are attracted by high sounding promises.

Features

i. Aggressive selling / Push selling
ii. Huge promotion
iii. Transaction marketing ⇒ One time selling for short term.

Demerits

a. Market is competitive
b. Change in technology
c. Change in customers needs

4. Marketing Concept

It is the process of buying and selling goods and services.
It is concerned with understanding the needs of customers.
It focuses on customer satisfaction.
It promotes and distributes products.
It focuses on building relationship with customer.
It helps to gain competitive advantages.
It helps to achieve profit.

Features

1. To understand need
2. Customer satisfaction
3. Competitive advantages
4. Relationship marketing

## Difference between selling and marketing concept

| Selling concept | Marketing concept |
|---|---|
| 1. It focuses on product. | 1. It focuses on customers. |
| 2. It is profit oriented. | 2. It is customer oriented. |
| 3. It is short term objectives | 3. It is long term objectives. |
| 4. Profit maximization through huge promotion. | 4. Profit maximization through customer satisfaction. |
| 5. It is transaction marketing | 5. It is relationship marketing. |
| 6. First manufactured and then selling. | 6. First understand need and then manufactured. |

## 5. Societal concept

It is the process of buying and selling goods and services. It is concerned with understanding the needs of customers. It focuses on customer satisfaction. It promotes and distributes products. It focuses on building relationship with customer. It helps to gain competitive advantages. It helps to achieve profit. It is a societal process.

### Features

i. Social responsibility
ii. Social awareness
iii. Social change
iv. Social development

### Difference between selling concept and societal concept

Same as difference between selling concept and marketing concept

## 6. The holistic marketing concept

→ It is the latest concept in marketing. This concept combines marketing and societal concept. It concentrates on integrated marketing to meet customer need. Relationship marketing is used to develop relation with customers within society. Internal marketing is used to develop relationship with employees by motivating for ~~ge~~ better performance.

### Features

i. Integrated marketing
ii. Internal marketing
iii. Relationship marketing
iv. Societal marketing

- Explain we sell what we make? → production, product, selling
- Explain we make what we can sell? → Marketing, societ, holistic
- Explain any two new developments in the field of marketing. → Holistic, societal
- What ~~is the~~ concept is the best for long run? → Holistic
- What concept is the best for short run? → Production, product, selling

## Marketing challenges in the new millennium 21st century

1. Change in customer needs
2. Increase in customer need
3. Increase in price sensitive customer → क्वालिटी, टिकाऊ, व सस्ते खोजते
4. Change in technology
5. High promotion cost
6. Intelligent shopping
7. Political instability
8. Brand parity → Misconception of customer to see all brand similar.
9. Intense competition

## firms response to the challenges

1. Relationship marketing
2. Target customer
3. Customized marketing → fulfilling needs of individual customer
4. Internal marketing → employees satisfaction
5. Integrated marketing
6. customer database
7. outsourcing
8. strategic alliance → A formal longterm agreement between organization by combining resources to achieve g...

## Emerging concepts of marketing

1. Relationship marketing
2. Green marketing
3. E-marketing / commerce

## 1. Relationship marketing

### Meaning

Marketers must take all the possible ~~effect~~ efforts to retain the customers and to sustain in market. Relationship marketing is one of the best methods of retaining and sustaining the business.

It is a relation with customers, distributors, suppliers, employees to achieve profit

- Scope / new dimension of Relationship marketing

1. Relation with customers, suppliers, distributors, employees
2. Views of company is changing from transaction to relationship marketing.
3. A strategy is quality consistency and customer service (before and after sales services)

## Importance / relevance / value of Relationship marketing

1. Easy to understand need
2. More sales
3. Better ~~feeb~~ feedback
4. Business Opportunities
5. Stay on top of your customer ~~perf~~ preferences
6. Market coverage
7. Competitive advantage
8. Image building

## Methods / to maintain Relationship marketing

1. Provide quality goods and services
2. Provide before and after sales services.
3. friendly environment
4. Good communication
5. Easy availability
6. Entertain feedback
7. Consistency

## Strategy approach for Relationship marketing

1. Quality consistency
2. Economic benefits [Discount, credit facility, warantee]
3. Social benefits [friendly environment]
4. Technical benefits [wifi, Phone pay, atm]
5. Retaining and winning back lost customers.

## Level of relationship

1. Basic marketing = The marketer ~~se~~ simply sells the product without collecting feedback from customers. There is no relationship.

2. Reactive marketing = After selling products. the marketer encourages customers to give feedback. There is some effort to build relationship.

3. Accountable marketing = After selling products, marketers calls back customer to collect feedback. There is increase level of relation.

4. Proactive marketing = After selling products, marketer remains in ~~ret~~ regular contact with customer. There is enhance in relation.

5. ~~Partern~~ Partnership marketing = The marketer and customer work together for mutual benefits.

## Relationship building process | customer building process

8. Partner
7. Advocate - who is only positive toward products
6. Members
5. Clients
4. Repeat customer
3. First time users
2. Prospects - customers who interested to buy
1. Suspects - possibility to buy

## 2. Green Marketing

⇒ A marketing of environmental friendly products are green marketing. Marketing takes into account of environmental issues like save water, go green, clean river, recycle etc. It is the process of selling products based on environmental benefit. It is also called eco-friendly marketing.

### Importance of green marketing

1. Recycle
2. Creating eco friendly environment
3. Proper utilization of resources
4. To reduce use of plastic products.
5. Consumption of natural Products
6. More sales
7. Competitive advantages
8. Reduce use of chemical products.

### Requirements of for green marketing

1. Commitment
2. Pollution control
3. New technology
4. Use of recycle matericals
5. Use of eco friendly products
6. Legal framework
7. Consumer consciousness

### Components of green marketing

1. Products those are originally grow
2. Products those are recycle, reusable
3. Products content under approved chemicals
4. Products that do not pollute environment
5. Products that are not tested to animals
6. Products that have eco friendly packaging.

### Practices of green marketing / Reasons for adapting green marketing

1. Social awareness
2. social responsibility
3. social development
4. social change
5. Resources conservation
6. Recycle products
7. Reuse products
8. Green products

## 3. E-Marketing

⇒ It is a process of planning, and executing the conception, distribution, promotion, and pricing of product & services in a computerized, networked environment, such as the internet and the www, to the faciliate exchanges and ~~to~~ satisfy customer demands. so, it is the commercial transaction over an electronic device. It is the process of two or person person making business transaction through online

## Features

1. Need of electronic devices
2. Direct communication
3. Data depository
4. Distance conversation
5. Instant response
6. 24/7/365 approach

## Uses of E-marketing

1. Speed
2. Convenience
3. Wider
4. Save cost

## Types / forms / ~~eaa~~ elements / kinds / components of E-marketing

1. B2B (Business to business)
2. B2C (Business to customer) [Eg: BBSM, salesberry]
3. C2B (customer to business) [Eg: labour supply, rent]
4. C2C (customer to customer)

## Objective / Benefits / Importance of E-marketing

1. Benefits to consumers

a. convienience
b. Information
c. freedom to choice
d. Better buying decision
e. save cost
f. Save time
g. Distance conversation
h. customer satisfaction

2. Benefits to organization

a. save cost
b. ~~Quic~~ Quick response
c. competitive advantages
d. To increase the visibility of your business
e. To connect with the customers
f. Goods for research and development
g. sales maximization
h. Market coverage

## Limitation of E-marketing

1. Dependability on technology
2. security, privacy issues
3. Maintenance costs due to constantly changing environment
4. Higher transparency of pricing
5. Possibility of scam

## Marketing mix / tools / blend

It is a set of marketing functions which organization blends to achieve goals. It is the unique blend of 4Ps (product, price, place & promotion) designed to satisfy customers.

Thus, it consists of all marketing functions done ~~by~~ within the organization to produce ~~4Ps~~ 4Ps.

## Importance / implication of marketing mix

1. Sales maximization
2. Employment generation
3. To understand need
4. Customer satisfaction
5. Competitive advantages
6. To attract customer
7. Proper Utilization of resources
8. Market coverage

## Components / elements / sources of marketing mix for ~~Pro~~ PRODUCT

There are 4Ps:

1. Product

a. Product development / b. Product life cycle
c. Product line and product mix
d. Branding
e. Packaging

2. Price

a. Pricing methods
b. Pricing objectives
c. Pricing strategy
d. Pricing change

3. Place / distribution

a. Channel selection
b. Channel motivation
c. Channel conflict
d. Marketing logistics

4. Promotion

a. Advertising
b. Personal selling
c. Sales promotion
d. Public relation
e. Publicity
f. Direct marketing

# Chapter-2 Marketing Environment

## Meaning

It consists of all the surronding that directly or indirectly influence the organization. The internal and external factors which affect the performance of marketing. Marketing receives various inputs like raw materials from the environment and provides outputs like goods and services to the environments. It is the process of ~~process of~~ exchange of inputs and outputs.

## Features of Marketing Environment

1. Complex
2. Dynamic
3. Uncertainty
4. Impact
5. Exchange process
6. Multi - aspects

## Importance of Marketing Environment

1. Understand customer needs
2. Topping trends (updated with market)
3. Understand competitors
4. Helps in planning
5. Threats and opportunities
6. Managing change
7. Market ~~da~~ coverage
8. To sustain

## Scope / Dimension of Marketing Environment

1. Organization 2. Aeet Activities (selling & buying) 3. Factors (Internal & External)
4. Marketing mix (4Ps)

## Types / Sources / Factors / Forces of Marketing Environment

1. Micro / Internal / Task / General environment
   ( Deals, transaction, relationship rakhnu parne lai micro environment ma parchai
   Strength / weakness
2. Macro / External environment
   Opportunities / Threat

### 1. Micro Environment

They consist of the factors close to the organization that effect its ability to serve the organization. These are the factors with which the organization has to deal with. It is controllable

Components / Variables / Elements / factors / forces of Micro Environment

1. The company
2. Suppliers
3. Distributors
4. Customers
5. Public - media, government staff, local public
6. Competitors

To evaluate competitive environment, the organization should determine.

a. Types of competition
b. Levels of competition

a. Types of competition

(clothes)

i. Generic competition - Product which are of different types but is capable to satisfy the same needs.
(pant, shirt)

ii. Product competition - It results from similar products to satisfy same needs.

iii. Brand competition

iv. Industrial competition

b. levels of competition

i. Price level
ii. Non-price level - quality products, place, promotion etc

2. Macro Environment

Outside the organization - The set of external factors that influence the performance of organization. It provides opportunities and threats for organization. It can not be controllable.

Factors of macro environment

1. Demographic environment
2. Political and legal environment
3. Economic environment
4. Socio - cultural environment
5. Technological "
6. Natural "

1. Demographic environment

Factors / Aspects / Elements / Dimensions

i. Population structure
ii. Population growth
iii. Migration
iv. Urbanization

## Impact / Influence / Effect on marketing

i. Expansion of market size
ii. Education and heath size service
iii. Life style products

## 2. Political and legal environment

Factors
i. Political system
ii. Government policy
iii. Pressure groups
iv. Laws

Impacts
i. Deregulation
ii. Unhealthy business environment
iii. lack of support
iv. Inefficiency

## 3. Economic Environment

Meaning: It influences the economic spending power of customers.

Factors
i. Income from foreign employment
ii. Inflation
iii. Economic growth
iv. Growth of service sectors

Impact
i. Luxurious products
ii. Credit facility
iii. tourism

## 4. Socio-Cultural environment

Factors
i. Mobility
ii. Change in life style
iii. Status consciousness
iv. Urbanization

Impact
i. Housing and apartment
ii. Entertainment
iii. Luxurious product
iv. Education and health services

## 5. Technological Environment

Factors
i. Change in technology

(Tetra pack)

ii. Level of technology
iii. Pace of technology
iv. Cost of technology

Impact

i. Automation
ii. Communication
iii. Modern packaging
iv. Online marketing

Natural environment

Factor

i. Landlocked
ii. Topography
iii. Climate
iv. Natural resources

Impact

i. Natural diversity
ii. Hydropower
iii. Herbs

Marketing environment in Nepal

Same as macro environment DPESTN.

• Approaches of Organization / Dealing with macro environment / Respond to the environment

1. Reactive marketing
2. Proactive marketing

1. Reactive marketing
⇒ After the change, passive in nature, follow the change, controllable, dependent, not risk taker.

2. Proactive marketing
⇒ Before the change, active in nature, predict the change, uncontrollable, independent, risk taker.

# 3 Marketing Information System

## Meaning:

It provides information and data about market for decision ~~make~~ making. It is the department of organization whose ~~these~~ work is to collect, gather, store data about past and present for future in ~~an~~ electronic devices. It is the major tool for monitoring and scanning environment. It provides continuous flow of an information

## Features of MKIS

1. People based
2. Equipment based
3. Information based
4. Continuous based

## Vigorously / Crucial / value / Importance of MKIS in modern marketing

1. Helps to understand need
2. Helps to monitor market
3. Helps to make decision
4. Helps to formulate marketing strategies
5. Save cost
6. Market coverage
7. Competitive advantages
8. Sales maximization

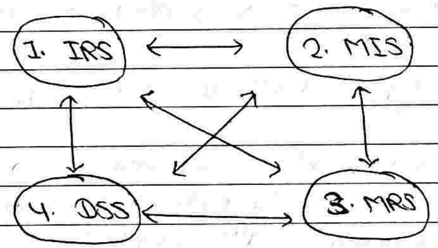
## Design / components / elements / types / sources of MKIS

1. IRS (Internal record system)
2. MIS (Marketing intelligence system)
3. MRS (Marketing research system)
4. DSS (Decision support system)
   MSS / MDSS (M-managerial)

→ Blue arrow represents flow of information
→ Red arrow represents interrelated with each other.

Sources of Information

- Environment
- market
- competitors




Users of Informatio

- Marketing Manager
- Top management

## 1. IRS

Every organization maintains an internal data about current and past result. Data are collected from the sources inside the organization. This system keeps internal record of organization.

Sources / Types of IRS

i. Customer record - name, address, payment, feedback
ii. Sales report - sales trends and forecast
iii. Employees record - name, address, position, salary
iv. Financial report - income and expenses

2. MIS

It is also called environmental scanning. It provides information about day to day happening in the market. Data are collected from the sources outside the organization. It is continuous process.

Sources / types / methods / forms of MIS

i. Informal enviromental scanning - marketing manager collects day to day data by reading newspaper, talking with employees.

ii. Formal enviromental scanning.

a. Salesman
b. Middle man - wholesaler, retailer
c. Expert
d. Outsourcing
e. Specialist (spy)

3. Marketing research system (MRS)

It is a systematic inquiry undertaken to help to solve specific problem. Its objective is to generate information to make report. It is non continuous process.

Areas of MRS

i. Product research
ii. Price research
iii. Advertising research
iv. Sales research
v. Motivation and attitude research

4. DSS

It helps to take decision. It doesn't collect information, it stores and analyses information for making decision ~~making~~. It gets information from other source like IRS, MIS and MRS.

Components / ~~ele~~ elements / types / sources / factors / methods / function of DSS

1. Data bank
It is the storehouse for all the collected data from IRS, MIS and MRS.

2. Model bank
Model defines relation between different variables that helps to take decision. Models are life line theory, game theory, transportation etc.

3. Statistical bank
It consists of various statistical tools like mean, medium, mode to take decision.

## Difference between MIS and MRS

| MIS | MRS |
|---|---|
| 1. It collects day to day data. | 1. It collects data to solve specific problems. |
| 2. It is continuous process | ii. It is non continuous process. |
| 3. It supplies day to day data. | iii. It finds causes and solution of the problem. |
| 4. It is based on the principle of utilization of opportunities and minimize the risk. | 4. It is bases on research. |

## Process of MRS

1. Defining the problem and setting the objective
2. Conducting situation analysis
3. Conducting ~~an~~ an informal investigation
4. Planning and conducting a formal investigation
   a. Selecting sources of information
   b. Deciding methods of data
   c. Preparing frames and forms
   d. Pre-testing the forms
   e. Planning the samples
   f. collecting data
5. ~~An~~ Analyzing and interpreting data
6. Preparing a written report.

1. Defining the problem and setting the objectives:

New product development is problem, objectives are which color, size, price, shape etc.

2. Conducting situation analysis:

Situation analysis means collecting information about market. It means to know about environment.

3. Conducting an informal investigation:
After obtaining information, conduct informal investigation with employees to determine whether detail

study is required or not.

4. Planning and conducting a formal investigation:

If the informal investigation shows that the ~~deal~~ detail study is required then the researcher plan to decided where and how to obtain information;

It has 6 processes are:

a. Selecting sources of information - sources are primary ~~and~~ or secondary.

b. Deciding methods of data - methods are observation, questionnaire, interview.

c. Preparing frames and forms:-

Frames refers to list of area or people to be examined

forms refers to format of questionnaire, it should be simple and clear.

d. Pre-testing the forms - forms are tested to ~~be~~ the employees for corrective action.

e. Planning the samples - samples are taken randomly to test product.

f. Collecting data - data are collected through questionnaire ~~form~~ from the chosen samples.

5. Analyzing and interpreting data-

Data are analyzed to draw conclusion, for this, various statistical tools are used like mean, medium, mode etc. to interpret data.

6. Preparing a written report -

Report is prepared to make decision.

# 4. Buyer Behavior

The buyer behavior relates to the purchase behavior of individuals, organizations, who buy products to meet their needs. It is the study of customers and organizations in relation to their purchase decision. It is the process that buyers go through when deciding whether buy or not to buy goods. It is the decision / process of buyers involved in buying, using and disposing products.

There are two types / aspects of buyer behavior:

1. Consumer buying behavior -
   It refers to buying behavior of consumers who buy products for personal use, household use.

2. Organization buying behavior -
   It refers to buying behavior of organizations who buy products for profit, resell, business use, production.

## Issues of analyzing buyer behavior

- What they buy?
- When they buy it?
- Where they buy it?
- Why they buy it?
- How they use it?
- How often they use it?
- How often they buy it?
- How they dispose it?

## Importance of buyer behavior

1. To understand need
2. ~~Ee~~ Customer satisfaction
3. Sales maximization
4. Competitive advantages
5. Market coverage
6. To sustain and retain customers
7. Relationship marketing
8. Environment adaption

## Difficulties in relation to study ~~be~~ buyer behavior

1. Consumers misstatement
2. Changing needs
3. Different consumers have different needs.
4. ~~Custo~~ Consumers hesitation
5. Excistence of conflict needs
6. Imperfect techniques

## Consumer behavior

It refers to buying behavior of consumers who buy products for personal use, household use.

## Involvement of consumer buying process

1. High involvement product / purchase [Expensive]
2. Low involvement purchase [Cheap]

1. ~~Less~~ High Involvement purchase

a. ~~Full info~~ Less information- no mass consumption
b. High price
c. High social importance
d. Purchase infrequently
e. Long term benefits
f. Long purchase time
g. More effort.
h. Buying is complex

2. Low Involvement purchase

a. Full information- mass consumption
b. Low price
c. Low social importance
d. Purchase frequently
e. Short term benefits
f. Short purchase time
g. Less effort
h. ~~By~~ Buying is simple

Types of consumer buying behavior

1. Complex buying behavior
2. Dissonance reducing buying behavior
3. Habitual buying behavior
4. Variety seeking buying behavior

1. Complex buying behavior - high involvement product

2. Dissonance reducing buying behavior:
Dissonance is doubt / negative feelings the buyer wonders whether the right choice has been made or not.

Dissonance reduction is reduction after a high involvement product has been purchased by increasing positive awareness about product through before and after sales services.

3. Habitual buying behavior: Low involvement product

4. Variety seeking buying behavior:

Low involvement product who are willing to try variety of product for the change.

Importance for 5 marks

## Stages / steps / process of consumer buying behavior decision

1. Need identification
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post purchase behavior

### 1. Need Identification

Need is identified by:

a. Internal stimulus - Hunger, thrust, rest

b. External stimulus - advertising, friends, family, window display. etc

### 2. Information Search

Consumers search information about products features, benefits. The time spend on Information search depends on low or high involvement of product. Information search can be done by:

a. Internal search - Consumers scan their memory.

b. External search - they are;

i. Personal search - friends, family
ii. Market search - advertising, retailer
iii. Public search - media, internet
iv. Experiential - examine, trial

### 3. Evaluation of alternatives (products) -

It is done to find out which of them will be best to satisfy the need. They are;

a. Product features - color, size, price, shape etc
b. Brand belief - by past experience, opinion from friends, retailer, internet.
c. Utility functions - total expectation from the product.

### 4. Purchase decision

The brand most preferred would be the brand intended to buy.

### 5. Post purchase ~~dec~~ behavior

There are 5 areas:

a. Post purchase dissonance / cognitive dissonance
b. Consumption and usage

c. Satisfaction and dissatisfaction
d. Consumer complain
e. Disposal

## a. Cognitive dissonance

Very often consumers may develop negative feelings after the purchase of a high involvement product. This is cognitive dissonance. It means when consumers experience anxiety over their purchase decision. In ~~order~~ other words, buyer discomfort caused by post purchase conflict. This anxiety can be reduced by before and after sales services.

## b. ~~con~~ Consumption and usage

It helps to determine the consumption frequency, consumption amount and consumption purpose.

## c. Satisfaction and dissatisfaction

Satisfaction → performance of product meets expection of consumers.

Dissatisfaction → Performance of product is lower than expection of consumers.

## d. ~~con~~ Consumer complain

Complain is the result of dissatisfaction with product and service.

## e. Disposal

Consumers can get rid off in the following way:

i. Temporarily - by lending, renting
ii. Permanently - by selling, throwing, burning, giving away etc
iii. Keep it - decoration, reuse

## Determinants / factors / variables / aspects / bases / approaches of consumer buying behavior

1. Economic factors
2. Personal / demographic factors
3. Socio - cultural factors
4. Psychological factors
   a. Motivation
   b. Perception
   c. Attitude
   d. Personality
   e. learning

1. Economic factors :

a. Level of income → Increase in level of income increase in purchasing power
b. Credit facility
c. Liquid assets
d. Family income

2. Demographic factors :

a. Age
b. Gender
c. Life style (high income group)
d. Family size and family life cycle - single, married, child

3. Socio- Cultural factors:

A. Socio factors
B. Cultural factors

A. Socio factors -

i. Family

The roles performed by each members influence family purchase decision.
The roles are :

a. Initiator - suggests idea about product
b. Influencer - provides information
c. Decider - head of family
d. Buyer - anyone from family

ii. Reference groups-

They consist of groups that have direct or ~~d~~ indirect influence on the consumer's life style. Actors, players, politicians, singer etc

iii. Social class -

It is the rank within the society. It is upper, middle, lower class.

B. Cultural factors -

i. Cultural -

It refers to the value, belief, ~~la~~ language etc

ii. Sub- cultural -

Each cultural has sub culture

4. Psychological factors

a. Motivation -

i. Sources / types of consumer motivation

i. Motivation to fulfill needs / consumers need / hierarchy of needs

As a marketer, if you want to motivate ~~cu~~ customers you need to understant what level of ~~p~~ hierarchy a person is currently on.

## Hierarchy of Needs

| | |
|---|---|
| self actualization | → Achievement |
| self esteem | → Ego |
| social | → friendship |
| security | → safety |
| Physiological needs | → Basic needs |

ii. Motivation to avoid risks / perceived risks -

Risk is consumer's perception of negativity. They are;

a. functional risk
b. Physical risk
c. financial risk
d. social risk
e. Time risk

To overcome these risks;

a. Information
b. Brand loyalty
c. store loyalty
d. After sales services

b. Perception - how consumers see the world

- Perception process / selective in perception

i. selective attention -
Consumers are likely to notice the things that are related to their needs.

ii. selective distortion (change) -
They hear what they want to hear.

iii. selective retention
They will keep the things with them what they like or love

C. Attitude - It is a judgement.

In marketing, before and after sales service play a vital role to make positive attitude.

d. Personality - distinctive character

There are 5 personality traits

i. Extroversion - deals with relationship

a. Extrovert - talkative
b. Introvert - shy

ii. ~~Agre~~ Agreeable - deals with talent

a. Agreeable - helpful
b. Disagreeable - unhelpful

iii. Conscientiousness - deals with reliabity

a. Consientiousness - responsible
b. Non-conscientiousness - irresponsible

iv. Emotional stability - ability to handle stress

a. Emotional stable - calm
b. Emotional unstable - nervous

v. Openness to experience -

open person - from
close person - narrow minded

B

e. Learning

Describes changes in behavior

Types / model / approaches of learning

i. S-R model (stimulus - response) -

Advertising built on S-R model. It means exposing advertising is S and consumers reaction is R.

ii. Cognitive learning -

Learn by self

iii. social learning -

Learn from others.

Organizational buying behavior

Meaning - It refers to buying behavior of organizations who buy products for profit, resell, business use, production.

Features of organizational buying behavior

Its in difference between consumer and organization

* Participants in the organizational buying process / buying centers

1. Initiator - employees
2. Influencer - competitors
3. Decider - BOD
4. Buyer - Professional buyer (technical manpower)
5. storekeeper - who keeps record of stock and looks after store

## Difference between consumer buying and Organization buying

| Consumers | organizations |
|---|---|
| 1. They are in large number. | 1. They are in few numbers. |
| 2. They buy in small volume. | 2. They buy in large volume. |
| 3. They buy from retailer. | 3. They buy from supplier |
| 4. They buy for personal use | 4. They buy for profit. |
| 5. It is not necessary to maintain relationship for consumers. | 5. It is necessary to maintain relationship for organizations. |
| 6. They are not professional buyers. | 6. They are professional buyers. |
| 7. Buying is simple. | 7. Buying is complex. |

## Types of Organization buying behavior

1. straight repurchase decision
2. Modified puchase decision
3. New purchase decision

## steps / stages / process of organizational buying behavior

1. Need ~~Idea~~ Identification [Employee identifies what to buy]
2. Product specification [Technical manpower will do this]
3. Supplier research [regular items will be baught fr
4. proposal evaluation
5. Supplier selection and purchase decision

1. Need Identification

2. Product specification
Technical manpower like engineer, designer in the organization prepared detailed specification of the product features like how it works, how it looks what is the color, size, price etc.

3. Supplier research
Regular items are purchased from regular supplier. New items are purchased from new supplier. Suppliers are search through internet, ~~frie~~ friends.

4. Proposal evaluation
If items are in low price, suppliers can send email. If item are expensive, suppliers come for presentation.

5. Supplier selection and purchase decision
supplier is selected, negotiation is made, order are placed

Factors for determining organization buying

1. Environmental factors
2. Organization structure factors
3. personal / individual / demographic factors
4. Interpersonal factors

1. Environmental factors

a. Political factors [Stable - decrease & unstable - increase]
b. Economic factors [Increase in economic growth will increase buying]
c. Social factors [Buy as per society]
d. Technology factors

2. Organizational structure factors

a. Objectives
b. Polices
c. Process of buying - government buy through tender. Private organization buy directly from supplier.
d. Structure - large organization has purchase department

3. Personal / ~~Individual / demo~~ factors

a. Age [Young]
b. Job position - top level
c. Personality [Old, introvert managers]
d. Risk taking [Young managers]

4. Interpersonal factors

a. Authority - top level
b. Status - top level
c. Persuasiveness - technical manpower

## Global Consumer Movement and Consumer protection

Consumer movement is the movement to protect consumer protection through an organized social movement. It advocates for the rights of the consumers especially when these rights are changed by the action of the government and other organization. It is united fight of consumers against harmful and unsafe products produced by manufacturers.

American President John F. Kennedy spelled consumer rights at first in 1962. After his announcement, UN development ~~guild~~ guideliness for the protection of the consumers rights. The guidelines are,

1. The rights for basic needs
2. The right for safety - healthy food
3. The right to be informed - date, how to use, company's name about product.
4. The right to choose
5. The right to be heard - government should listen to us
6. The right to have healthy environment.
7. The right to claim
8. The right to ~~redress~~ (compensate)

## Consumer Protection in Nepal

Consumer Protection Act 1998 was created in Nepal. This Act was effectively implemented since 1999. In order to monitor, evaluate and protect consumer rights, a chairmanship of Minister of State for supplies. According to Act, every consumers should have the rights.

## Importance of Consumer movement

1. Awareness
2. protection from unsafe products
3. Protection against pollution
4. Bring consumers together
5. Control on monopoly of business
6. Timely supply of essential commodities (products)
7. Pressure on government
8. ~~Re~~ Right to get after sales service.

Nep

John F. Kennedy spelled

5. Segmentation, Targeting and Positioning

Meaning of market Segmentation -

It is the process of dividing large market into small market having similar needs. It divides heterogeneous market into homogenious market. Example - lipstick for girls, toys for children, aftershave lotion for boys etc.

Importance / objectives / benefits / Purchase of market segmentation

1. To understand need.
2. ~~Co~~ Customer satisfaction
3. Sales maximization
4. Competitive advantages
5. proper utilization of resources
6. Market coverage
7. To specialize in market - company produces as per need of customers.
8. To sustain

* Market segmentation as a customer oriented philosophy. Explain.

Ans = Write meaning and explain importance of market segmentation.

Requirements of market segmentation

1. Measurable - its should be countable on the basis of age, gender, income level etc. ~~Quantitant~~ Qualitative can't be measured.
2. Heterogeneous needs
3. Divisible
4. Plentiful / substantial - it should be able to maximize profit
5. Accessible / reachable
6. Actionable - right person at right time at right place.

Process of market segmentation

1. Market survey [what to produce, How to produce, who is consumer]
2. Market analysis -
Organization analyses about demand, competitors, resources.
3. Profiling -
Detailed information about customers. Each segment is profiled on the basis of like and dislike of product in terms of their needs.
4. Segment evaluation and selection
Organization evaluated segment and the chosen segment becomes target market.

Types / levels / strategies of market segmentation

1. Mass marketing / undifferentiated marketing.
2. Product variety marketing.
3. Target marketing / differentiated marketing
4. Niche marketing / concentrated marketing
5. Customized marketing

1. Mass marketing / undifferentiated marketing -

An organization that attempts to satisfy everyone in the market with one product. It doesn't segment the market. Organization views the entire market as similar needs.

2. Product variety marketing

The marketers offer two or more products flavor to the market so that customers have option. Eg: lays, pens, wai wai

3. Target marketing / differentiated marketing

Different products for different customers.

4. Niche marketing / concentrated marketing -

It is a small specialty market. It is the process of dividing a segment into sub-segment. Eg- Rolex watch, tractor, college canteen etc.

5. Customized marketing

• Segmentation variables / bases / aspects / dimension / factors / methods / determinants of consumer market.

1. Geographic factors
2. Demographic factors
3. Psychographic factors
4. Behavioral factors

1. Geographic factor

a. Area → (Stationery for school area)
b. Topography → (Jacket for mountain region)
c. Climate → (Icecream for summer)
d. City → (Auto rikshaw for village)

2. Demographic factors

a. Age → (Toy for kids)
b. Gender → (lipstick for girls)
c. Family size → (1 kg for small family)
d. Occupation → (pen for students)

3. Psychographic factors

a. Buying motive - price, love, ego
b. Life style - give eg of high class
c. Personality - marker for teacher

4. Behavioral factors - It refers to consumer response to the product

a. Benefits → (pen for writing)
b. Occasion - regular, special → (lights for Tihar)
c. User status - it reflects the frequency of product use. eg. students use pen regularly
d. Usage rate - It is the rate at which consumers use product. eg. teachers use marker heavily.
e. loyalty status - psychological bond between brand and ~~custo~~ consumer.

Segmentation variables for industrial market

1. Geographic factors
2. Demographic factors
3. Operating factors
4. Purchase process factors

1. Geographic factors -

a. Area → Stationery for school area
b. Topography → Jacket for mountain region
c. Climate →

2. Demographic factors

a. Types of industry - different industry require different product. Eg: books for school, medicine for hospitals.

segmentation variable How do you segment newly establishment restaurant in market?
→ How do you segment newly restaurant in the market
process of market segmentation

b. Size of ~~cu~~ customers -

Small, medium, large, global.

3. Operating factors

a. Technology - computer for office
b. Service need - after sales service like warranty, discount, exchange
c. Usage rate - colleges use marker heavily.

4. Purchase process factors

a. Purchase department - large organization has purchase department.
b. Purchase method - government buy through tender, private organization buy directly.
c. Time. government take more time to ~~buy~~ buy.

Market targeting / targeting strategies

1. Segment evaluation
2. Segment analysis
3. Segment selection

1. Segment evaluation - On the basis of

a. Segment size and growth -

size - for different customers
growth - profit maximization

b. segment attractiveness - Porter's five force model

Im for 5 marks

i. Threat of new entrant → [xyz company]
ii. Threat of substitute product → [water, real juice,]
iii. Bargaining power of buyer - discount, BOGO, Exchange
iv. Bargaining power of supplier - high cost of raw material
v. Competitive rivalry → [PEPSI]

c. Organizational objectives and resources
d. Government policies and laws
e. segment relation - relation with customers, employees, distributors, supplier.

2. Segment analysis -

On the basis of demand, resources, competition

3. Segment selection strategies / types of target market / market coverage pattern

a. single market coverage / niche market
b. Multiple market coverage / differentiated market
c. Product specialization
d. Market specialization

e. Full market coverage / mass / undifferentiated market

a. Single market coverage / niche market

Merits
i. Organization can easily understand need.
ii. It allows organization to specialize in the market
iii. It develops reputation as an expert.

Demerits

Organization can't survive if the target customers stop bed buying the organization's product.

b. Multiple market coverage / differentiated market - different product for different market.

Merits
i. Minimize risk
ii. High sales volume

Demerits
High cost

c. Product Specialization
It is the mixture of single and multiple segment. Organization specializes on product and sells same product to several market.
[cement, fan, wai wai]

d. Market specialization

Organization concentrates on serving several needs of customer.
Eg: BBSM, department stores.

e. full market coverage \ mass \ undifferentiated market.

Positioning

It refers to the strategic decision intented to create and maintain the organization's product concept in the mind of customers. It means to show uniqueness of product in the mind of customers.

An organization tries to place the product in the market in such a manner that it seems to be different from others. Therefore, it is the process of nailing product concept in the mind of customers. It is used to promote product.

Eg: mobil for engine oil, surf for washing powder, chauchau for wai wai, colgate for stronger, ~~etc~~, close-up for freshness, pepsodent for germ killer.

Features of positioning

1. Unique
2. Superior
3. Communicable - easy to understand
4. Competitive
5. Attractive

Types / variables of positioning

1. Attributes positioning
Yamaha for stylish bike, Ncell for purple, oppo mobile for selfi expect etc.

2. Benefit positioning
Lux for beauty, Honda for mileage bike, closeup for freshness, Horlicks for stronger, shaper and taller, complan for taller etc.

3. Use occasion positioning
Color for Holi, lights for Tihar, red sari for teej, kites for Dashain etc.

4. User positioning
~~gre~~ glow and lovely for girls, fair and handsome for boys, pen for students etc.

5. Competitive Positioning
Coke v/s pepsi, Rin v/s tide, Horlicks v/s complan etc.

Difference between attribute positioning and benefits positioning

| Attribute | Benefits |
|---|---|
| i. Tangible | i. Intangible |
| ii. Before use | ii. After use |

Importance of positioning

1. To attract different types of customers.
2. To get attention of customers
3. Image building
4. To do advertising
5. To understand need
6. To sustain
7. Sales maximization
8. To show different from others.

Positioning strategies

1. Strategic - long term
2. Communicable
3. Different from competitors - should not be copied
4. Under the control of organization - can be changed as per situation.

# Positioning is the mind of game. Justify this statement

Ans- write meaning of positioning and explain its importance.

Im Positioning Process

1. Identification of target customers
2. Identification of competitors
3. Identification of point of difference (POD) and Point of parity (POP)
4. Identify product features to compete
5. Choosing and establishing the positioning
   a. Desireability
      i. Relevant
      ii. Distinctive
      iii. Believable
   b. Deliverability
      i. Feasibility
      ii. Communicable
      iii. Sustainable
6. Updating positioning overtime \ repositioning

Desireabili
Deliverabi

1. Identification of traget customers:
Fair and lovely for girl, fair and handsome for boys.

2. Identification of competitors

3. Identification of point of difference (POD) and point of parity (POP)
POD is difference from competitors
POP is ~~same~~ similars to competitors.

4. Identification product features to compete
Organization should identify features of product like price, color, size, shape etc. to compete in the market.

5. Choosing and establishing the positioning
POD is taken to develop positioning. There are 2 criteria -

a. Desirability - It operates at consumer's side - It has 3 criteria -
i. Relevant - It should be related with product
ii. Distinctive
iii. Believable

b. Deliverability - It operates at organization's side. It has 3 criteria -
i. Feasibility - flexible, affordable
ii. Communicable
iii. Sustainable

6. Updating positioning overtime \ repositioning - Positioning can be changed as per situation.

## 6. PRODUCT

It is the core element of marketing mix. It is the main revenue for an organization. The narrow concept views product as physical goods attached with services.

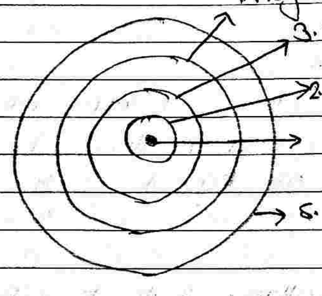
Now, product is anything that is offered to market that might satisfy the need of customers. Product is offered to market for attention, acquisition and consumption. Products can be goods, services, person, place, events, information etc.

Concept of product

1. Tangible concept - Traditional concept
2. Intangible concept - New concept - e.g. service
3. Augmented concept - Product is enhanced by providing extra benefits in terms of service. It is added benefits. Eg: after sales service, Dis, BOGO etc

4. Total product concept

Levels of product




Production Classification

1. Consumer Products
They are brought for personal use or household use.

2. ~~Industrial Products~~ Types of consumer product –
It is of 4 types. They are:-

i. Convenience products
ii. shopping products
iii. Speciality products
iv. Unsought products

1. Convenience products –

The features are
(i) They are generally low price.
(ii) They are basic needs.
(iii) Consumers have full knowledge about product.
(iv) They are bought at retail shop.
(v) They are perishable and non-durable products that need frequently buying.
(vi) E.g. – bread, salt, soap etc.

Marketing strategies / considerations are:

1. Low price strategy is adapted.
2. Mass distribution is done for easy availability.
3. Mass promotion is done to make ~~ce~~ customer aware.
4. ~~Pak~~ Packaging is important for safety, attractive and information.
5. Organization should select the name of product short and simple so that customers can easily recall and say the name of product.
E.g. Lux, Wai Wai, Surf etc.

2. Shopping products

The features are –

i. They are less frequently purchased. One purchased will last for number of year.

ii. They are generally high price.
iii. They are affected by fashion.
iv. Consumers spend moderate to more time in buying.
v. Intelligent shopping is done by consumers.
vi. Eg.- dress, shoes, bags, ~~ears~~ cosmetic etc.

Marketing strategies / considerations are :-

a. After sale service is important.
b. Store display and window display are important to attract customers.
c. Promotion are important.
d. Packaging is less important.
e. In order to facilitate comparison by consumers, the retail shop selling shopping goods are clustered in a definite area.
Eg: (Stationery for school area.)

3. Specialty products

The features are -

i. They are purchase infrequently. They are bought only ~~at~~ on special occasion.
ii. They are very high price
iii. Consumers spend excessive time in buying.
iv. They are bought at exclusive shop.
v. Consumers show high degree of brand and ~~store~~ store loyalty.
vi. Eg: gold, car, Iphone, expensive watches - etc.

Marketing strategies / considerations are -

a. High price strategy is adopted.
b. Exclusive distribution is done through limited number of shop.
c. After sales service is important.
d. Prestige promotion is done.
e. The strategy for this product are directed at maintaining ~~the~~ quality and ~~of~~ unique features of product.

4. Unsought products

The features are -

a. They are purchased rarely.
b. They are products that consumers don't normally think of buying.
c. No buying efforts are made by consumers.
d. They are bought at specific shop.
e. Eg. Insurance policy, valuable stones, fire extinguisher.

Marketing strategies / considerations are

a. Aggressive selling (Push selling) is done.
b. Personal selling and advertising is done.
c. Price varies as per product.
d. Salesman should have knowledge about the product.

2. Industrial Products

They are bought for profit, resell, business use, production.

Types of Industrial Product

1. Materials and parts
2. Capital items
2. Supplies and Services

1. Materials and Parts

A. Raw materials
B. Parts

A. Raw materials -

They are bought for production. They include natural products like water, sunlight, soil etc. and farm products like vegetable, fruits, milk etc. They change their form to become final product.

Marketing strategies \ considerations are -

i. Quality is important.
ii. Long term contact is important with supplier for consistency.
iii. They are bought from ~~sup~~ supplier.
iv. Before and after sales services are not important
v. Price is set through negotiation.

B. Parts

They enter into finished products without changings its from. E.g. - nail, zipper, button, types etc.

Marketing strategies \ considerations are -

i. The quality of these products determines the quality of the finished products.
ii. Long term contact is important with supplier for consistency
iii. Price is set through negotiation.
iv. After sales services are required.

2. Capital items

They are long lasting products that facilitate to produce finished goods.

They are of 2 types-

A. Installation
B. Accessory equipment

A. Installation

They consist of plant and machinery. They are expensive, longer life, not frequently purchased. E.g. - elevator, lift, super computer etc.

Marketing strategies / considerations are :-

i. The supplier should have technical knowledge.
ii. After sales services are important.
iii. Price is set through negotiation.
iv. They are bought from manufactures.

B. Accessary equipment

They consist tool and equipment, shorter life, less expensive, frequently purchased. E.g. computer, calculator, mobile, fan etc.

Marketing strategies / Considerations are -

i. They are bought from retailers.
ii. Brand name plays an important role.
iii. Before and after sales services are important.

3. Supplies and Services

They are goods ~~are~~ & service that facilitate to manage the finished goods. They are of 2 types-

A. Operating Supplies
B. Business services

A. Operating Supplies

They are low price, short lived, frequently purchased. Eg. fuel, stationary.

Marketing strategies / considerations are -

i. They are ~~be~~ bought from retailers.
ii. promotion is done.
iii. ~~Mas~~ Mass distribution is done for easy availability.

B. Business Services

They are support services like legal, technician, plumber, doctor etc

Marketing strategic / considerations are -

i. Image of service ~~pr~~ provider is important.
ii. Long term contact is important from consistency.
iii. Service provider personally contact the organization or from referral.

## New Product

Product which is lauched in the market for the first time.

### Types of new product

1. Innovative product - New to the organization and new to market. Not previously sold by any organization.
2. Modified product - Old to the organization and new to the market. Existing product is changed in features.
3. Imitated \ copy\ me too product - New to the organization and Old to the market.

### Need\ Importance of new product innovation

1. Sales maximization
2. Increases productivity
3. Competitive advantages
4. To attract customers
5. To sustain
6. Market coverage
7. Environmental adaptation
8. Image building

## Reasons for product failure

1. Technology
2. Change in customer need
3. Price
4. Promotion
5. Distribution
6. Government policies
7. Competition

### Process of new product development

Im

1. Idea generation → [illegible]
2. Idea screening → [illegible]
3. Concept development and testing
4. Marketing strategy and business analysis
5. Product development
6. Test marketing
7. Commercialization \ launching

1. Idea generation - It is the systematic search for new product idea.

Ideas can be generated from-

a. Customers
b. Employees
c. Middleman
d. Competitors
e. Expert

Techniques for idea generation

1. Market research
2. Need problem identification
3. Brainstorming
4. Synectics

3. Brainstoming

subject known, only solution ~~for~~ tell, narrow

4. Synectic

not specific, subject unknown, problems and solutions are tell, It is a broad concept

2. Idea screening - It is the process of eliminating useless ideas. Screening new product ideas in order to spot good ideas and drop poor ideas.

The types of idea are -

a. Promising ideas - They are carried on further processing.

b. Marginal ideas - They are store for future.

c. Reject ideas - Poor/useless ideas.

3. Concept development and testing -

A. Product concept development -

It is the detailed version of ideas. Promising ideas are coverted into product concept. Concept is about physical dummy version. It means how the product looks like, how it works and what are its benefits.

B. Concept testing -

It is asking employees to evaluate the product for corrective action.

4. Marketing strategy and business analysis -

A. Marketing strategy - Strategies are segmentation, ~~taste~~ targeting and positioning.

B. Business analysis - They are demand, competitors and resources.

5. Product development

Organization develops original version of product. The product is manufactured in a limited scale. Functional test is done to see that the product performs safely or not. When organization is ~~sto~~ satisfied with the test, it takes product for market test.

6. Test marketing – The goal is to test the product in consumer setting. It means to know like and dislike of consumers for product.

7. Commercialization \ launching –

Last step is to lauch the product in target market. It is based on the result of test marketing. By this time, organization has a full fledged program for the product.

- What happens if drop error and go error are committed while screening ideas for new products?

ड्रॉप एरर Drop error → A mistake made by a company in deciding to left a new product ideas that might have been successful if developed.

गो एरर Go error → A mistake made by a company in a new product ideas when a decision is made to proceed with product that might should have been left.

## Product Life Cycle (PLC)

PLC is an attempt to recognize different stages of sales of products. The stages are introduction, growth, maturity and decline. PLC differs for different products.

## Premises / bases of PLC

1. Every product has a limited life.
2. PLC differs for different types of product.
3. It helps to understand past and ~~pe~~ present sales for future.
4. Different buyers buy products during different stages.

- Pioneer – adventurous, risk takers – ~~It~~ introduction stage.
- Early adaptors – new buyer – growth stage
- Early majority and late majority – buy product due to social pressure – ~~VA~~ maturity stage.
- Laggards – buy product when it is out of fashion. decline stage.

## Importance of PLC

1. To forecast sales
   To develop new product
   Competitive advantages
   To sustain
   Marketing program – Different strategies are followed in the different stages of PLC, so management can prepare the marketing program accordingly.

As a control tool – It can make necessary arrangement to make the product available as per demand.

7. Estimation of profit - To know increase or decrease in profit. At introduction stage, no profit. If product grows up, increase in profit, so, management can predict profit at different ~~s~~ stages.

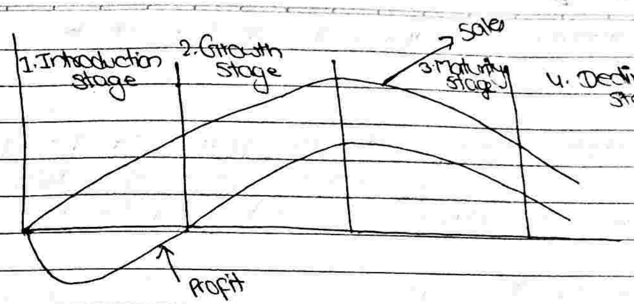
8. Environment Adaptation

## Limitation of PLC

1. It is the theoretical concept difficult to implement practically.
2. It can't be generalized because life cycle for various product differ.
3. Not all products go through every ~~state~~ stages of PLC. products have gone straight from introduction to decline stage due to lack of need.
4. It is difficult to forecast transaction in PLC, since the key ~~indic~~ indicator is sales. so, fluctuation in sales donot necessary mean product has gone decline stage.

## Phases / stages of PLC

1. Introduction stage
2. Growth stage
3. Maturity stage
4. Decline "




1. Introduction stage -
It is the stage where the new product is launched in the market for the first time.

The objective is to make customer aware.
• It features are -

a. Sales → Sales are low. buyers are unaware about product.

b. Profit → Negative profit due to low sales.

c. Competition → Innovative product face no competition. Modified and imitated product face high competition.

d. Production → Limited production is done because demand is low.

e. Buyers → Pioneers buy the product.

Marketing strategies - The strategy is to make customers' aware.

a. Product - New product is offered for the first time. No feedback is collected from the customers. So, the organization can not upgrade the product.

b. Price - They are;

i. Price skimming (skim the cream) -
It means charging the high price for innovative product. Market is unaware and small. There is no competition.

ii. Price penetration
It means charging low price imitated product. Market is aware and large. There is high competition.

c. Promotion
It is done high. Advertising, free samples, trial is used to attract customers.

d. Distribution - ~~Demaid~~ Demand is unknown. So, it is difficult to find out distributors.

2. Growth stage -

In this stage, a product sales increase. It is the period of market acceptance. The objective is to increase market share.

Its features are -

a. Sales → Sales increased, buyers are aware about product.

b. Profit → Profit increased, sales increased.

c. Technology → Technology can be improved, new features are added. Feedback is collected from customers.

d. Competition → Increased in competition, others are attracted by the opportunities

e. Buyers

# Marketing strategies - The strategy is to increase market share.

a. Product - Feedback is collected, so, features are added.

b. Price - If demand is high, maintain high price. If demand is low, reduce price.

c. Promotion - It is done high. After sales services is provided.

d. Distribution - Many distributors are interested to distribute product because demand is increasing.

3. Maturity stage - It is last longer stage. The stage of protecting market share.

It features are -

a. Sales → Sales at peak level, demand is high.

b. Profit → profit is high, sales is high.

c. Competition → It is high, others are attracted by the opportunities.

d. Buyers → Early majority and late majority buy the product.

# Marketing strategies - The strategy is to protect market share.

a. Product → Demand is high, so, product modification is done also offers varieties flavor of products.

b. Price → Competition is high, so, it is based on competition.

c. Promotion → It is done high, After sales service, schemes are provided.

d. Distribution → Demand is high, mass distribution is done for easy availability.

4. Decline / Saturation stage - The objective is to withdraw from market.

Its features are -

a. Sales - Decline in sales, demand is low.

b. Profit - Profit is decrease, demand is low.

c. Price - Price is decreased due to low in demand and to clear stock.

d. Buyers - laggards buy the product.

# Marketing strategies -

a. Product
Demand is low, no production is done.

b. Price
Price is decreased due to low in demand and to clear stock.

c. Promotion - No promotion is done.

d. Distribution - Demand is low, no distributors are interested to distribute product.

## Product line –

Number of product items to be offered to market under same category. It includes the organization's closely related product. Products perform almost similar functions. E.g. electronic goods – fan, TV, AC, mobile and Tribhuwan University.

V.Imp **Types / strategies of product line**

1. Product line length
2. Product line modernization (modification)
3. Product line featuring (attraction)

### 1. Product line length

It includes total long items in a product lines. The objectives is to increase market, to face competition, for different customers, ~~pred~~ proper utilization resources.

**Types / strategies of product line length**

A. line expansion
- i. line stretching
  - a. Stretching downward / trading down
  - b. Stretching upward / trading up
  - c. Stretching both ways
- ii. line filling

B. line contraction / pruning

A. line expansion –

New items are added in product line or product modification on current product line. The objective is increase market, to face competition, for different customers, proper utilization resources.

Types of line expansion

i. Line stretching
ii. Line filling

i. Line stretching

It is implemented as per price. Organizations maintain a price range for its various items in a product line.

Types of line stretching

a. Stretching downward / trading down
b. Stretching upward / trading up
c. Stretching both ways

a. Stretching downward

⇒ Organization launches new product item at below the price range of its current product line. The objective is to attract customers. It is risky because it may effect on the image of organization that is low price low quality.

b. Stretching Upward

⇒ Organization launches new product item at above the price range of its current product line. The objective is to build image that is high price high quality. It is risky because buyers can not afford it.

c. Stretching both ways

⇒ An organization launches new product at both ends of its current price range. It means adding both high price that is stretching upward and low price that is stretching downward. Stretching upward for class conscious customers and stretching downward for price sensitive customers. The objective is to attract large number of customers.

ii. Line filling

More items are added within the same price range to discourage competitors, to attract customers. The company should ensure that new items are noticeably differently from the existing one.

Eg: lays, lux, Mentos, Hypident, Hajmola etc.

B. Line contraction

⇒ Unprofitable items are withdraw from the market. Resources of these items are transferred to profitable items.

2. ~~Price~~ Product line modernization (modification)

3. Product line featuring (attraction) - Same as stretching both ways.

Product mix

It is the set of varieties of product offered by an organization. Number of different products to be offered by an organization. Eg. CG, TATA, Bhatbhateni.

Strategies / types of product mix

1. Product width
2. " depth
3. " length
4. " consistency

1. Product width

It refers to the number of product to be produced by a company. Eg. company produces food and electronics.

2. Product depth

It refers to the number of product items in each product line. Eg. food = noodles, chocolate.
Electronics = TV, fan, AC.

3. Product length

It refers to the total number of items in each product line. E.g. food = 3 + electronics = 4, so total number = 7 (3+4).

4. Product consistency

It refers to ~~eat cood~~ closely related between product line in the product mix in terms

Products are created in the factory whereas brand is created in the customer's mind.
All brands are product but all product are not brand.

of same customers, same production, same distribution

# Branding
It is the process of giving identification to product.
The marketing strategy of creating a name symbol that identifies and differentiates from others.

# Brand
A brand is a name, sign intended to identify the product and services and to differentiate from others. It is a goodwill of company.

Components of brand

1. Brand name
It can be vocalized.
Eg:- Coca-cola, 7up, Nike

2. Brand mark
It can be or can not be vocalized
Eg:- 7up

3. Trade mark
Legalized form of brand name and brand mark
Owner has full right to use it.

Importance / objectives / reasons for branding

1. Sales maximization
2. Competitive advantages
3. It increases business value (goodwill)
4. To attract new customers.
5. Employee pride and satisfaction
6. Create trust within customers
7. Easy to be promotion.
8. Market coverage

Reasons for not branding

1. High cost
2. Competition
3. Control on supply and quality
4. Legal formalities - tax pay, long legal process
5. Perishable products - [especially fruits and vegetables are sold unbranded]

Features / essential of a good brand name

1. Easy to spell, say, recall.
Wai wai, Rara, lux, sun silk.
2. Distinctive
3. Legally protective
4. Possibility of product expansion
5. It should be suitable in international market.

Branding building process

1. Design brand identity
Brand introduction given by organization.

2. Develop brand awareness
Customers ability to recognize and recall brand.

3. Achieve brand image
Customers perception about brand.

4. Get positive brand attitude
Provide after sales service to get positive attitude from customers.

5. Customer loyalty
6. Brand equity

## Types of branding

There are 2 types of branding.

1. Ownership based brand

a. Manufacturer / private / national brand
b. Distributor brand
c. Licensed brand

2. Product line based brand

a. Family / umbrella brand
b. Individual brand

1. ~~Organizati~~ Ownership based brand

a. Manufacturer brand
Brand name owned by manufacturer.
Eg. Samsung, ~~Te~~ TATA, L.G., C.G. etc

b. Distributor brand
Brand name owned by distributor. Small manufacturers in the cottage industry can not pay the heavy cost of promotion, face competition, so, small manufacturers let the distributor to put their name on the product.
Eg. walmart, dell, Eros, distribution movies, DATA, Google.

c. Licensed brand
When products are given the name of original manufacturer under a contract called as licensed brand. Brand users pay royalty. Franchise is based on this.
Eg. Nepal idol, pizza hut, KFC etc.

2. Product line based brand

a. Family brand
Using single brand name for all product.
Eg. Patanjali, Himalaya, LG, Honda etc.

Merits
i. Less promotional cost
ii. Easy to introduced new product.

iii. Easy to recognize name of company by customers.

Demerits

i. If one brand failed other will suffer.

ii. Confusion.

b. Individual brand

Each brand under seperate brand name.

Eg. Unilever, P&G, Surya Tobacco.

Merits

i. Targeted at different customers.

ii. If one brand failed, other will not suffer.

Demerits

i. High cost

ii. May need separate brand manager.

iii. Company's name may ~~be~~ not be recognized by customers.

• Brand equity (value of brand.

It describes the value of a well known brand whic helps to generate more profit. Consumers believe that a product with well known name is better than less well known name. It is one of the factors which can increase financial value of a company. It is the financial strength of a company. Thus, it is the goodwill in the market.

Brand value to the customers and the marketer / importance of brand equity

Same as important of branding

Packaging

It refers to the activities of designing the wrapper fa the product. It provides information to buyers about product like name, price, data, ingredients, how to use etc.

Essential / features of a good package

1. Convenient
2. Attractive
3. Communicable
4. User friendly
5. Reusable
6. Recycle

Functions of Packaging

1. Protection
2. Identification
3. Communication - how to use, date, name
4. Promotion
5. Product differentiation
6. Attraction
7. User friendly

Levels of packaging

1. Primary package
It holds actual product.
E.g tube contains toothpaste.

2. Secondary package
It holds primary package. It is additional layer.
E.g. Cardboard contains toothpaste.

3. Shipping package
It is used to store and transportation.
E.g. sack, wooden box, drum.

Types of package

1. Unit package
One product item is placed in one package.
E.g. One candy bar.

2. family package
Multi item of same product is placed in one packet.
E.g Three candy in one bar, biscuit.

3. Banded package
Several related product lines are placed in one ~~packet~~ package.
E.g. pencil box, make up kits.

4. line package
Identical package is used for all items in product line
E.g. hair color, patine shampoo

5. Multiple package
Seperate package is used as per size and weight of product.
E.g. 1 kg sugar, 20 kg sugar.

Service marketing (college, Beaty parlour)

Service is intangible aspect attached with product. It is identifiable and intangible activity. The main objective is to provide customer satisfaction. The demand for service is increasing due to change in needs, technology, competition

Nature / Features / characteristics of service

1. Intangible
2. Identifiable
3. Inseperable - Service is consumed at the time of product use
4. Variable - Different product performs the different service.
5. Perishable - It can ~~man~~ not be stored. It is consumed at the time of product used.

## Service marketing mix strategies

Service mix is the range of service offered by an organization. They are 7Ps

1. Product
2. Price
3. Place
4. Promotion
5. People → Employees should be motivated for better performance
6. Physical evidence / environment -
   Decoration, suitable location, friendly environment (working place)

7. Process
   Different product performs different process.

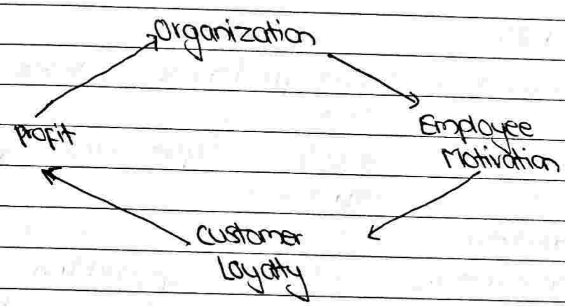
Difference between tangible (product) and intangible (service)

| Tangible (product) | Intangible (service) |
|---|---|
| 1. It can be seen and touched. | 1. It can not be seen and touched. |
| 2. It can be stored | 2. It can not be stored. |
| 3. It is produced and consumed for future. | 3. It is produced and consumed at the same time. |
| 4. ~~Manage~~ Marketer manages 4Ps. | 4. Marketer manages 7Ps. |
| 5. Producer and consumers need not to interact. | 5. Service provider and consumers need to interact. |
| 6. It can not be easily modified in short period. | 6. It can be easily modified in short period. |

## Service marketing strategies

1. Service profit chain
2. Service differentiation
3. Service productivity
4. Service quality

1. Service profit chain




2. Service differentiation
   They are done in product, price, process, employee, physical environment, infrastructure.

3. Service productivity - Productivity is increased by automation, communication, motivated employees, friendly environment, feedback, team work, after sales services.

4. Service quality

Customer ~~sta~~ satisfaction is not possible without quality. without customer satisfaction, achieving goal not possible. so, quality is very important. Quality is not a new concept in marketing.

Traditionally, it means performance, durability. Now, it ~~to~~ means customer satisfaction. It is the expection of customers. quality in technical terms which is ~~differen~~ difficult to define. However it is the perception of customer.

## Nature / dimension / scope of quality

1. Reliable
2. Responsive - Listen feedback, take corrective action
3. Assurance - provide before and after sales services.
4. Consistency
5. Transparency - Detailed information should be provided to customers about product.

## Importance of quality

1. sales maximization
2. Retain customers
3. Image building
4. Retain employees
5. Attract customers
6. competitive advantages
7. Customer satisfaction

## Tools / methods of quality marketing

1. Customer feedback
2. Motivated employees
3. Team work
4. Relationship marketing
5. Consistency
6. Friendly environment
7. Improved technology
8. After sales services

## Role of marketers in quality marketing

1. They should identify the need.
2. They must communicate need to production
3. They make sure that customers need are fulfilled correctly and timely.
4. They must communicate with customers about product through advertising.
5. They must collect feedback from customers for corrective action.

6,7 per daina

# 7. Pricing

**Meaning of pricing:**

It is the process of determining the exchange value of products. It is concerned with setting price of new product and ajusting price for existing product and determining discount and commission.

**Meaning of price**

It is the value of product. It is what customers pay for what they get. It is the amount of money that customers pay for the products. It is expressed in different terms in different exchange transactions like rent for land, tuition fees for education, wages for labor etc.

## Importance of pricing

1. Importance to the economy (macro perspective)
2. Importance to the organization (micro perspective)

### 1. Importance ~~of~~ to the economy (macro perspective)

a. **Factors of production**
They are land, organization, labor and capital. So, for land is rent, organization is profit, labor is wages and capital is interest.

b. **Price affects saving**

c. **Economic management**
Government uses price in the form of tax for the development of country.

d. **Price affects demand**

### 2. Importance to the organization (micro perspective)

a. Profit maximization
b. Create first impression to customers
c. To attract customers
d. Competitive advantages
e. To sustain
f. Environmental adaptation
g. Market coverage

## Factors/bases/ consideration for affecting price determination

1. Internal factors
2. External factors

### 1. Internal factors

a. **Pricing objectives**
To maximize profit organization puts high price. To maximize sales organization puts low price.

b. **Cost**
If cost of product is high then price of product is also high.

c. Organization department
finance department is interest to reduce cost.
Marketing department is interested to increase cost.

d. Marketing mix –

i. Product
a. for innovative product use high price
b. for modified product use competitive price
c. for imitated product use low price

ii. Place
Price depends on transportation

iii. Promotion
High promotion cost high price.

2. External factors

a. Market demand
b. Competition –
high competition, low price

c. Government –
high tax, high price

d. Purchasing power

e. Middlemen –
high commission high price

f. Supplier
high raw material cost, high price

g. Technology
advance technology high price

h. Inflation

Methods / approaches of pricing

~~They~~ There are 4 methods. They are;

1. Cost – oriented pricing method

a. Cost plus / mark-up full cost pricing method
b. Target return on investment pricing method
c. Break – even pricing method.

2. Competition – oriented pricing ~~method~~ method

a. Meet competition
b. Below competition
c. Above competition
d. Sealed bid

3. Demand oriented pricing method

4. Value oriented ~~pricein~~ pricing method

a. Customer value pricing
b. Perceived value pricing

1. Cost - oriented ~~price~~ pricing method

Organization focuses on cost to set price.

It is of 3 types.

a. Cost plus method -

A desired profit margin is added to the unit cost of product. Eg.

Producer → wholesaler → Retailer → customers

100+10 = 110 → 110+20 = 130 → 130+40 = 170 → Rs. 170

U.C = P U.C + P

Here, U.C = Unit cost of product

P = profit

Merits -

i. It is simple to calculate

ii. Widely adapted by small organization and middleman

iii. Easy for management to do the budgeting

iv. Guarantee profit

v. Best for some service industry

Demerits -

i. The cost can be too high

ii. It ignores competition

iii. It ignores customers willingness to pay

iv. It is profit oriented not customers oriented.

v. Focus on cost only.

b. Target return on investment pricing method:

Organization needs to recover fixed profit on their investment from the price. Under this, desired return on investment is added to the cost to set price.

Merits

i. It is used by company whose market is monopoly.

ii. When demand is high and supply is low.

Demerits

i. It ignores customers, competition

ii. It is profit oriented not customer oriented.

C. Break - even pricing method

No loss no profit. Revenue equals to cost. It is presented by graph.

Merits

i. It is simple to calculate.

ii. It is useful when demand is ~~stadle~~ stable.

iii. Tables and diagrams that show break-even analysis are easy to view and interpret.

iv. Shows how many items needs to be sold to make profit for the business.

v. Useful tools to set targets.

Demerits

i. Dependent on certain assumption
ii. Arbitrary valuation
iii. Guess on market condition
iv. Break even charts may be time consuming to prepare.
v. It is applied for short term.

2. Competitive Oriented

They focus on market price to set price
It is of 4 types

a. Meet competition
Organization sets the price equals to competitor.
E.g. A=10, B=10

b. Below competition
Organization sets the price below the competitor.
E.g A=10 B=8

c. Above competition
Organization sets the price above the competitor.
E.g A=10 . B=11

d. sealed bid-
A mechanism for awarding sales contract. Price is set as per expection of competitor price, Used for tender.

3. Demand Oriented
They focus on demand to set price. If demand is high, price is also high.

Imp 4. Value Oriented

They focus on customer value perception to set price.
It is of 2 types.

[illegible]
a. Customer value pricing - Same as meaning of stretching both ways.

b. Perceived value pricing - It is also called value in use pricing. It is very popularly used for new product. The organization collects buyers perception of price of the product through market research and set the price. Seller attempts to set the price at the level that the buyers value the product.

Difference between cost based and perceived value pricing

| Cost based | Perceived value |
| --- | --- |
| 1. It focus on product | 1. It focus on customer value. |
| 2. Price is set as per cost. | 2. Price is set as per customer value of the product. |
| 3. It is profit oriented. | 3. It is customer oriented. |

New product pricing

1. Market skimming strategy

2. Market penetration strategy

Price lining strategy / product mix pricing

There are 5 strategies. They are

1. Product ~~line~~ lining price / price lining -

Different price is set for product items in a product line. Customers perceived quality different for each item.

Eg. Tv, mobile, wai wai, ice-cream etc

2. Optional features price -

Seperate price is charged for optional features offered.

Eg. Ac for car, memory card for mobile.

3. Product bundling price

Products are bundled to set a price. Offered two or more products as a single package to a specific price. Bundle price is less than buying each product seperately.

Eg pencil box, make-up kit etc.

4. Two part pricing

Price is set into two parts that is fixed price and variable price.

Eg. Electricity bill, water bill etc.

5. Ancillary / captive product price

Some product require ancillary product for usage. Products that are necessary to the use of other products. A product made especially to be used with others. High price for captive product and low price for main products.

Eg: blade for razor, battery for touch light, fuel for bike etc.

Price adjustment strategy / pricing policy

marks

1 1. Discount policy
1 2. Allowances policy
1 3. Discriminating pricing policy
4. Promotional pricing policy
5 5. Psychological pricing policy
6. Geographical pricing policy
1 7. Resale price maintenance
5 8. Product life cycle price strategy

1. Discount ~~price~~ policy

It is price reduction offered by seller to buyer to make price flexible.

It is of 4 types

a. cash discount
b. Quantity discount
c. Trade ~~profit~~ discount
Discount given to wholesalers and retailer
d. Seasonal discount

Role of price discount in marketing

i. ~~Ince~~ Increase sales volume
ii. To clear stock
iii. Relationship marketing
iv. To attract customers
v. To face competition
vi. To recieve cash quickly
vii. Market coverage
viii. To sustain

2. Allowances policy
Price reduction is doing promotion. It is of 2 types.

a. Trade in allowance
Price reduction granted for ~~two~~ turning old product when buying new product.
E.g. exchange offer

b. Promotional allowances

E.g. pen, cap, jacket, bag, T-shirt etc.

3. Discriminating / differentiated / segmented printed policy

A pricing strategy in which a company sets different price for same product as per different customers, time and location. ~~et~~
Eg: * Customers - Nepal Zoo charges lower price for students.

* Time - Cinema tickets lower at morning show NTC night.

* Location - Bus charges high for long route.

4. Promotional pricing policy -

a. After sales services
b. Special prices are set for special events like dashain, tihar, holi, exhibition.
c. Low interest financing -
E.g. Installment basis

5. Psychological pricing policy

This encourage emotional buying. The customers perceived the price positively.

It is of 4 types.

a. Prestige pricing strategy
high price, high quality

b. Odd even pricing
Normally used by retail shops to show economy.
Eg. 999, 498.

c. Customary pricing
Price is based on tradition - Land tiller pays 50% production to landlord in Nepal.

d. Psychological discounting strategy / superficial discounting.
It ~~is~~ uses fake discounting practice. Mostly used by retailers to attract customers. Retailers ~~to~~ put the SALE sign. in reality, there is no discount.

6. Geographical pricing policy

This policy is concerned with who pays the transportation cost, seller or buyer.

It is of 5 types

a. FOB price (Free On Board)

The price includes transportation cost till the product is loaded on the bus, truck, taxi etc. seller pay till the ~~peer~~ board then after buyer pays.

b. Zone price / multi-zone price
Price includes average transportation cost to deliver to various zone. More distance customers pay.

c. Base point price -
Price is set for a certain base point beyond that buyers have to pay the transportation cost.
Eg: Online shopping, ATM both, NTC roaming charge

d. Unique deliver price / single zone price -

Same price is charged for all customers irrespective to location. All customers pay the same transportation cost regardless to their distance from company. Coca-cola.

e. Freight absorption cost
Producer pays some or all transportation cost to attract middleman.

7. Resale price maintenance (~~MRP~~ MRP).

Maximum Retail Price = MRP

It is a technique of controlling the price at which middlemen resell their product. In this, organization tries to make customers aware by selling resale price which includes wholesalers and retailers price.

However, a retailer has a right to sell the products for less or more than the price set by the producer because the retail price set by the producer is only a recommended retail price.

8. Product life cycle pricing strategy -

a. Introduction stage - pricing strategies are:

i. Price skimming (skim the cream) - It means charging the high price for innovative product. Market is unaware and ~~sem~~ small. There is no competition.

ii. Price penetration - It means charging low price imitated product. Market is aware and large. There is high competition.

b. Growth stage - Pricing strategies are if demand is high, maintain high price. If demand is low, reduce price.

c. Maturity stage - Pricing strategies are competition is high, so, it is based on competition.

d. Decline stage - Pricing strategies are price is decreased due to low in demand and to clear stock.

Price change strategy

1. Initiating price increase
2. Initiating price decrease

1. Initiating price increases -

a. Inflation
b. High tax
c. High demand
d. Quality improvement
e. High cost
f. shortage
g. Low competition

2. Initiating price decreases / decline

a. Extra production
b. To clear stock
c. Deflation
d. Low demand
e. subsidy
f. Increase sales
g. ~~In~~ High competition
h. Low cost

## Price response strategy

1. Competitive pricing strategy

Organization sets the price equals to competitor.
E.g. A = 10 B = 10

2. Non- price competition

Im → 3. Do nothing strategy = It is price response strategy in which an organization does not change the price level if its competitors do. The strategies are:-

a. If competitor reduces price to clear stock, no need respond

b. If it ~~respon~~ reduces price for extra production, no need to respond.

c. If it does not effect on sales, no need to respond.

## 8. Distribution

It is the process of transferring products at right time at the right place. It is the process of delivery goods and services from producer to wholesaler, wholesaler to retailer and finally to customers. It helps to make products easy available to customers. Therefore, it plays a vital role in marketing to satisfy customers.

### Elements / aspects / types of distribution

Im 1. Marketing channels / chain of middlemen, channel of distribution -

Various persons involved in the process of movement of product from producer to ~~co~~ customers. They are wholesaler and retailer.

2. Marketing logistics

### Methods of distribution

1. Direct method

Producers sells directly to customers.

2. Indirect method

Producer sells to wholesaler, wholesaler to retailer and finally to customers.

3. Multi / hybrid method - Organization uses both direct & indirect method.

## Importance / objectives of distribution

1. sales maximization
2. Easy availability
3. Customer ~~avail~~ satisfaction
4. Competitive ~~ab~~ advantages
5. Timely ~~dive~~ delivery
6. To sustain
7. Market Coverage
8. Change in life style..

Distribution is termed as other half of marketing. Comment ~~a~~ this statement.

→ Ans: write meaning of distribution and it importation.

Im **Distribution strategy**

1. Intensive strategy

It is a distribution strategy whereby a producer attempts to sell its products or services in as many retail outlets as possible. Mass distribution is done. Eg: food, soft drinks, pen etc.

Eg: eating

2. Selective distribution

~~Clothes~~ Mobile

It works best when consumers are prepared to shop around. Eg. dress shoes, computer, TV, fan mobiles, furniture.

3. Exclusive distribution

Limited distribution is done for high priced products. Eg. expensive products.

Car

## Channel functions / role

1. Bulk buying
2. Bulk breaking
3. Credit facility
4. sales maximization
5. varieties of product
6. After sales services
7. Easy availability
8. Information about product

Wholesalers

They buy from producer in bulk and resell to retailer in small quantity.

Functions / role of wholesaler in distribution system

1. Role of wholesaler ~~of~~ for producer

a. ~~Bulk~~ Bulk buying
b. Market coverage
c. sales maximization
d. Information about market
e. Timely product.
f. promotion
g. Inventory management → wholesaler buy.
h. Risk bearing.

2. Role of wholesaler for retailer

a. Bulk breaking
b. Varieties of product

c. Credit facility
d. Promotion - helps to decorate shop, signboard
e. After sales service
f. Easy availability

Retailers
They buy from wholesaler and resell to customer

Role of retailer in distribution system.

1. Role of retailer for wholesaler and producer.
a. Timely payment
b. Market coverage
Promotion
sales maximization
Information about market

2. Role of retailer for customers.
a. variety of product
b. Easy availability
Credit facility
Info. about product
After sales service
Relationship marketing

Causes / Sources of channel conflict

1. Difference in goals = Producer and wholesaler set their own goals. E.g. Producer wants higher sales where as wholesaler wants higher commission.

2. Unclear role = Role not performed by producer and wholesaler. E.g. Producer did not make timely supply where as wholesaler did not make timely payment.

3. Perceptual difference - Differences in thinking between producer and wholesaler. E.g. producer may think current commission is high where as wholesaler may think current commission is low

4. Communication gap = fail to ~~tra~~ inform about product. E.g. Producer fails to tell about product where as wholesalers fail to tell about market.

5. Ideological difference - Different in culture, langues

6. Terms and conditions - Difference in policies.
Producer makes terms to sell at 10% commission where as wholesaler wants more than 10% commission.

7. Superiority complex - To show power.
If demand is high producer shows superiority. If demand is low wholesaler shows superiority.

8. By passing channel - cheating
Producer gives product new wholesaler without informing old ones.

Resolution | Resolve | managing the channel conflict

1. Problem solving - face to face talk by mutual understanding
2. Persuasion - by giving incentives
3. Negotiation - by compromising terms.
4. Improvement in communication - flow of info. at right time
5. Goal setting - by setting new goals.
6. Politics - involvement of third party.

- Physical distribution
The distribution of physical goods from producer to ~~its~~ consumers.

Difference between physical distribution & distribution.

| Physical distribution | Distribution |
|---|---|
| i. Flow physical goods. | 1. Flow of goods and services |
| ii. No involvement of middlemen. | ii. Involvement of middlemen. |

Marketing Logistics

It is also called business, management, or distribution logistics. The terms logistics is borrowed from the military terminology where it is used to describe the process of transporting and supplying equipment to troops.

In marketing, it is concerned with flow of physical goods from ~~physical~~ producer to consumers with the help of middlemen. Thus, it is composed of both physical distribution and distribution channel. Its objectives

Important Notes

Nature of marketing logistics
1. Flow of physical goods
2. Involvement of middlemen
3. Faster delivery
4. Customer satisfaction
5. Time utility - Warehouse, inventory management
6. Place utility - transportation

Importance

1. Profit maximization 2. Competitive advantage 3. Market coverage 4. Faster delivery 5. Customer satisfaction 6. ~~Te~~ Timely delivery. 7. To sustain 8. Easy availability.

Functions / components / types / elements

1. Order processing 2. Customer service 3. Inventory management 4. Warehousing 5. Transportation

1. Order processing
It is the process of receiving, handling and delivering order to customers. Its types are:
a. Receiving order - Order is received from customers by telephone, person, email.
b. Handling order - After receiving order, the orders are transmitted to account ~~setting~~ secti

2. <u>Customer service</u>
It is act of taking care of the customers. The important factors for customers service are timely delivery, after sales service, easy availability, quality products, communication, friendly environment.

3. <u>Inventory management</u>
Activity involved in maintaining the appropriate level of stock in a warehouse. It is concerned with decis[illegible]ion of keeping right stock in right time. Its types are:
i. Control of inventory cost
ii. Control of inventory level

i. <u>Control of inventory cost</u> - They are
a. <u>Order cost</u> - They are telephone, transportation.
b. <u>Holding cost</u> - They are storage, rent, damage, outdated, tax.
c. <u>Stock out cost</u> - Does not have enough product to meet customer need.

ii. <u>Control of inventory level</u> - They are
a. <u>Re-order level</u> - Predetermined inventory level that activate the need to place order.
b. <u>Economic order quantity</u> (EOQ) - It is the value where the sum of order cost and carry cost at a minimum.
c. <u>ABC analysis (activity based cost)</u>
A = high value high cost
B = medium value medium cost
C = low value low cost
d. <u>Just in time (JIT)</u>
No stock level maintain, order wherever required.

4. <u>Warehousing</u> - It is a storage facility to store product until they are sold. Its types are:
a. <u>Private and public warehouse</u>
Private warehouse is owned by organization. Public warehouse is owned by individuals. They charge for storage facility.
b. <u>Number and location of warehouse</u>
No. of warehouse depends upon coverag[illegible] of market and storage facility of middlemen.
Location of warehouse may be near to market or factory depend on the nature of products.