

Strategic Marketing - Contemporary Issues
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Lecture - 26

We have discussed different types of marketing issues and marketing strategy in the context of various types of consumer goods. We have discussed about shampoos, soaps, toothpaste, detergent and many other such topics. From previous discussion you know that these products can be classified in three different broad categories, namely convenience goods or staple goods, goods and services that are associated with in the Maslow's hierarchy of needs, the base levels. These are items that we buy quite frequently. These are low involvement items and then we have also discussed the next level which we call shopping goods; that means these are also consumer products, these are also products which are regularly consumed but maybe not that frequently as we would consume rice or noodles or wheat or other such staple items. But these will be items like shampoo or toothpaste which we will still consume regularly, but we make buying decisions maybe after longer intervals.

And then there are of course the specialty goods, the luxury goods and in that category there are some subcategories like impulse goods; that means things that we buy not so much because of need, but maybe because our desires are stoked. But in all of these categories there is one area of concern about marketing in general and this whole effort rolled out by marketing activities of various companies particularly in this business to consumer domain which now attracts a lot of attention from around the world. And in a way this attention is sort of negative attention because it looks at disservices or negative social effects created by marketing as the critics would say. It is a matter of serious concern that today as you would see in the current promotion of going on for the Q store which is a new retail marketing format launched by the Sahara group that the whole theme is based on the adulteration and various kinds of toxic elements that we consume through the items which we categorized in our discussion as the staple goods or the convenience goods.

So, all the food stuff which we consume regularly are now subject to various kinds of toxic chemical ingress, be it pesticide, be it various kinds of preservative and be it just

plain simple adulteration and it has gone to the extent that a recent study done across hospitals in certain countries number of countries actually found that the mother's milk being offered to newborn babies had more than 15 toxic elements which means that the expectant mothers are subject to these chemical abuses without their knowing. It is coming through foodstuff, it is coming through various kinds of cosmetics, it is coming through various kinds of supplement food supplement products, vegetables. So, there are various ways. The world today is as such quite polluted due to the overall industrial activity, but this ingress is by as per the critics opinions are caused by marketing activities.

Today therefore, a whole new area of marketing has evolved attracting lot of attention which is called macro marketing. So, just as in economics we have microeconomics and macroeconomics. The micro economics deals with what? Marginal complex individual in the individual forms, exactly. So, might just like microeconomics therefore, micromarketing which is what most marketing books are about relate to individuals and individual farms. So, the focus in marketing has been the stakeholders, initially it was only shareholders. So, people said that the marketing officer the chief marketing officer the marketing department their job is to maximize like all other departments is to maximize the shareholders return. We have left that concept behind quite some time back, we know that we have to now look at not only shareholders and maximizing their return because if we go by that logic maximizing shareholders return, then you can condone you can actually sort of support many activities because if you actually give less material if you give inferior material then as we have seen from previous discussion, if our margin is the price that we can get minus the cost that we incur and in that cost if we compromise by inferior material then our margin will improve.

So, if we take as a philosophy that the job of the marketing department is to maximize shareholders return, then we actually create in a way a wrong philosophy which can actually then people can use that okay, I am in a marketing department, my job is to maximize shareholders return. So, this is okay in that respect. So, I am getting paid for maximizing the shareholders return. So, it is for me they would not call it cheat. They will say if I actually rationalize my product content and in that process lot of you say okay, my job is to maximize stockholder shareholders return. So, I would like my fruits not to perish because if the food if it before reaching the shelf in the store if the apples

rot then that is a loss and that is not what we can allow as a marketing department. So, we will say it is okay to use chemical preservatives, but when we look at the broader social picture when we look at in terms of the human civilization are the future of not only our own future, but the future generations then we can immediately see that that logic is a false logic. So, we had already expanded maybe 10, 15, 20 years back that shareholders return maximizing shareholders return is a false logic and so we created this broader concept of stakeholders.

In the stakeholders we included not only the shareholders but we included customers, we included suppliers and we included society at large, but even then our focus was on an individual firms well-being. What today macro marketing does and you can search for there is actually a journal of macro marketing and there are number of interesting concepts that are available for free download from this journal and from other sites. In fact the first article that came in the journal of marketing which is the core journal in the marketing domain. The first paper on macro marketing written by Bartle and Jenkins that came in 1997. Since then of course, this whole area has evolved as a major stream of marketing concern marketing study and the fundamental issue in macro marketing is therefore that as opposed to the well-being of the firm, macro marketing says that marketing must look at the well being of the society, well being of the country. So social values, goals, programs, as well as the regulatory environment, the country's objectives, the earth as an objective are all included in the macro marketing. That area is even getting broader by bringing in concepts like Green marketing, etc which perhaps we will have a more elaborate discussion later on. Today we will look at the very basic concepts relating to marketing ethics, social responsibility of marketing.

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CRITICISMS OF MARKETING

- Extractive prices
- Deceptive practices
- High-pressure selling
- Bad, unsafe products
- Forced obsolescence
- Taking advantage of disadvantaged consumers

The slide includes two hand-drawn graphs. The top graph shows a curve that rises sharply and then levels off, with a vertical line intersecting it. The bottom graph shows a curve that starts at the origin and rises, with a vertical line intersecting it. At the bottom of the slide, there is a footer: 'Prof. Jayanta Chatterjee : Dept. Industrial and Management Engineering : IIT Kanpur' and a small '(1)' in a circle.

So, the criticism of marketing can be put under six main headings. One is extractive prices which mean that earlier it was condoned in economics and therefore in marketing that under monopolistic conditions you know the pricing is done in a certain way. So, we treated it as an academic subject and we called it pricing strategy under monopoly or duopoly or oligopoly and so on. But today what we are saying the critics are saying that no, this is not an academic subject; this is a subject where you are vitiating social goods in the name of maximizing your micromarketing interests. So, extractive prices excessive prices given the opportunity of. So, marketers previously even manipulated through which have been made illegal in many countries like for example, in India we have a national competitiveness council, we have a set of laws that insures because as you know from economics that if we vitiate the free-market rules; that means if we constrain competition then in many ways the entire logic falls, the entire logic collapses and people can create collusion and take advantage.

So, we know about cartels and how cartels are not allowed, they are actually anti-competition. So, there are these various kinds of laws that try to protect the society at large through these regulations so that extractive prices or monopolistic prices or manipulated prices are not allowed, cartel formation are not allowed. Deceptive practices is of course, it is plain, simple, adulteration making false claims, etc; we will see a little bit in more detail. High-pressure selling in the same way we will understand what is high-pressure selling, bad, unsafe products, forced obsolescence. This has actually

become another big problem. We have seen in the past that how the product lifecycle continuously particularly in high technology is getting compressed. So, products become obsolete very fast, but this particular concept is in a way used with negative impact on the society by manufacturers because as your supernormal profit happens only in this domain when the product is fast rising, there are many customers who are coming to the market place. So, manufacturers often even if it is not necessary they would actually obsolete the product so that a new cycle can start.

So, this is their way of creating we have discussed earlier that this s-curve which represents the product life cycle curve you can create an e-curve. Earlier the concept was that you create an e-curve when the product is reaching saturation or product is matured. So, if the 486 is already reached its limit then you introduce 586, but today the situation is that many companies will introduce particularly many software companies many ICT company's information communication technology companies have been blamed that they deliberately force an obsolescence. So, that the customers are again forced to buy a new set off products while they might not have even utilized 35 percent of the previous products potential. So, many people will argue that there was no need to have the next version of the office package or next version.

It is in fact against this in protest against this policy of forced obsolescence particularly in the software domain, many free software people are developing as a form of protests. This entire development of open source is driven by reaction of people against this forced obsolescence that was being practiced by some of the major software companies, hardware companies as well as many communication technology companies and taking advantage of the poor customer people who are at the disadvantage at the bottom of the pyramid customers, the rural customers that has also been practice for a long time which is also now an area of criticism for marketing.

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EXTRACTIVE/DECEPTIVE PRACTICES

- **Deceptive Pricing:**
 - Falsely advertising “factory” or “wholesale” prices or large reductions from phony high retail list prices.
- **Deceptive Promotion:**
 - Overstating a product's features or performance, running rigged contests. → Fairness Cream, Deodorants OTC
- **Deceptive Packaging:**
 - Exaggerating package contents through subtle design, using misleading labelling, etc.

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So, deceptive pricing to elaborate on that as we were discussing this is false advertising, sometimes you know people will call, say, 40 percent sale and the prices will be actually manipulated. So, you inflate the prices first and say we are offering 40 percent discount. So, there are stores you will find there all the time they have sale going on, the sale is very prominently displayed. So, it has become meaningless. So, in a way you are actually making a false claim that you are offering a genuine reduction. So, it is not a genuine reduction. It is just you are first inflating the price and then offering a discount many times in promotion. So, as you see across all different marketing mix elements price, promotion, packaging the product definition, in all of these aspects we see non-ethical practices.

So, deceptive promotion is with respect to the products, feature or performance or sometimes you create rigged contests and so on and so forth. In fact, one of the major areas that can be seen here is this whole thing that we were discussing in a previous discussion, this fairness cream. These are real culprits of and as we were discussing maybe this product are not necessary most of the claims made by this product or deodorants. So, deodorants are not sold particularly in India today that they actually take care of the perspiration or body odor, but they are actually being promoted as something that actually gives you extra male attraction power or extra female attraction power and we are just making all kinds of deceptive images are being projected. So, we are actually

manipulating the affective factors and trying to influence the cognitive behavior of the customer with respect to the product by these things.

Lot of times claims are made by OTC medicines over-the-counter medicines; that means medicines which customers buy almost like a consumer product doctor's prescription is not necessary. Unfortunately in India you can buy any medicine without prescription, but over the-counter medicines whether it is cough syrup whether it is you know some medicine that is for particularly for cough and cold, people say that most medicines if you have the medicine then you will be become you will get cured in 7 days and if you do not have any medicine then you will get cured in a week. So, which means that actually that entire expenditure is infructuous but people are persuaded by again if you see most of the promotions for these over-the-counter medicines like cough syrups or like pain relief, they will be trying to manipulate the emotional aspects, they will be trying to influence your affective factors that influence your buying behavior. So, they will talk about mother's touch when talking about cold balm, they will talk about love when they are trying to promote a pain relief spray and so on.

So, these are actually in a way deceptive promotion category and we see these particularly in the so called shopping goods, this influence very bad. Deceptive packaging this is of course outright cheating because you can actually not mention but you can see even very well reputed companies today they can actually it is happening right now in biscuits or some of those food items that they retain the price. If the earlier price was 16 rupees for a biscuit packet, they will now suddenly show you that there is a discount that is 14 rupees, but what is not promoted, what is not clarified, what is not declared is that actually the weight has become less; there are four less biscuits in each packet.

So, in a way has increased per unit but you are actually projecting it as just by packaging technique. Many times you will find that you open the package and you find that the package looks this big, but actually the material content is perhaps in 75 percent of that packaging. So, it looks big, but it is actually just air inside. So, exaggerating package contents through design manipulation or misleading labeling, etc. So, these are of course the other aspect.

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HIGH-PRESSURE SELLING

~~Salespeople are trained to deliver smooth, canned talks to entice purchase.~~ use Psychological manipulation.

- High-pressure selling persuades people to buy goods they had no intent of buying.
- High-pressure selling can occur because of prizes going to top sellers.
- High-pressure selling is not good for long-term relationships. anti-CRM

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Then comes high-pressure selling; so salesperson are trained I would say instead of say all this we can say the salesperson are trained to use psychological manipulation. So, you will see observe this particularly in where do you think this happens most, which category of items, where salespeople. Life insurance; no, we discussed three types of goods and services. So, it happens in shopping and it also happens a lot in the specialty because it is in the specialty goods area if I am buying a shirt, I might actually if it is an expensive shirt not a shirt at our shopping centre or not a t-shirt. So, there actually it becomes a low involvement because you just go in and say okay, I want a blue t-shirt. So, as long as the price is 250 rupees we do not care. We do not even see what the brand is most often, but if you are going to buy 1000 rupees shirt for your placement season then you will be thinking about which color, which style, which brand and so on and so forth.

And most of the time the salespeople in specialty goods are trained to make subtle suggestions sometimes very high pressure suggestions to push you towards the most expensive purchase; you would have experience it all the time and if you are making trying to make up your minds in two things, most often the salesperson will say this one suits you very well or this fragrance is the best fragrance and in all those cases they are trying to maximize. Not always the revenue of the store, very often the salespeople are driven by the commission they will get because many times in supermarkets or large store formats, there are brand-oriented or line-oriented commissions available if a

particular item is on promotion and then of course, there are issues like there are prizes most often you will see even on the internet.

So, you could see if you buy this then you know participate in a lottery. In a way that lottery actually comes almost free I mean the guys who are actually giving away a Maruti car is not really spending it out of their margin; they are simply accumulating a large number of customers who are coming in attracted by that possibility. So, it is in a way running kind of a Ponzi scheme or running a lottery whether chance of winning is actually very low. So, 1 in 10000 people will actually win a prize which is paid for by the 10000 people who are participating in the scheme but one obviously thing is that this kind of high pressure selling is quite anti-CRM that customer relationship based marketing that we have been discussing.

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BAD UNSAFE PRODUCTS

Includes:

- Products that are not made well or services that are not performed well.
- Products that deliver little benefit or that may even be harmful.
- Unsafe products due to manufacturer indifference, increased production complexity, poorly trained labour and poor quality control.

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Now bad unsafe products straightaway bad marketing; this in fact affects the reputation of the company, it definitely affects the long term market potential of the company, but even then in India or in such large emerging markets this is a marketing practice deplorable marketing practice because companies feel that you can fool some people for some time and since there are so many people. So, you can always actually make false claims, sell bad products make some money and then you can close down the business and you can come up in a new avatar in a new incarnation and you can.

So, products that are not made well even today actually our laws are not good enough that where we can actually hold a manufacturer hold a marketer responsible for indifference, for poor user interface, for bad design. Even in India today we cannot actually hold a company responsible for if somebody dies, if there is somebody who gets electrocuted, then of course there is some redressal, but day in and day out we suffer from bad products badly designed products, but we still do not have strong laws or strong marketing ethics principles that actually ensured the customers interest.

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SHODDY SERVICE TO DISADVANTAGED CONSUMERS

Disadvantaged consumers are served poorly when:

- Poor are forced to shop in smaller stores where they pay more for inferior goods.
- "Redlining" by national chain stores occurs in disadvantaged neighbourhoods.
 - Redlining charges have also been levelled against insurers, banking, health care providers and others.
- Poor are targeted for "rapid refunds."

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And of course, disadvantaged consumers the consumers from the bottom strata of the society and they often actually create this as this is not so important. So, the poor are forced to shop. In many ways it has been studied number of studies are available again on the internet with respect to the bottom of the pyramid that we have been discussing, if you see there are very interesting articles to show that actually poor people pay more for the goods and services; the simple example is the shampoo that we have been discussing you have already collected the samples. So, if you see the sachets and the price if you extrapolate that price that two rupees for that sachets, see how many milliliters are in there and now you calculate that what is the price of one liter using that and then you see the regular bottle that you can buy for the same brand and you will see how the prices play out.

And many times you will see for products when we buy small quantities which is forced upon these rural customers or customer at the lower economic strata, in a way we are extracting a higher margins from them which is again bad ethics, Sir, you just meant might be any other production of such a smaller packet and the sachets may be that is more expensive? Well of course, that is the logic normally used that obviously, the packaging cost is higher if there are multiple packages. The cost of producing a half liter package maybe incrementally very low compared to making a fifty milliliter package, but if one analyzes all these costs one will see that the temptation to make a higher margin is often very high. It is not always true, but sometimes it is true and you I would like you to discover that where it is more true and you will find that actually higher is the promotion of a product higher are the affective use given for the influencing the buyer behavior, higher will be the propensity of the marketer to do this kind of manipulation.

There is a report which I will circulate to you is that which shows that this is latest study on what rural consumers are interested to buy and what they have been buying in this first half of 2012. So, this is a study based on some hundreds of villages from January 2012 to June 2012 and it shows that today more than before, the consumer buying in rural markets are influenced by the television promotion and they are today wanting to buy the products which they see urban consumers consuming.

So, in villages today in India there is a high demand for cheese which some market some critics are criticizing that cheese is a format that has been created because in urban markets you are far away from the milk production. So, cheese is a way to transport that particular food format over a longer distance to give it a longer shelf life and people are arguing that there is no need, you know we have always had cottage cheese which is other name of paneer and therefore and that can be actually made in many different ways.

They are made in many different ways across India and therefore to persuade them to buy this processed cheese in various kinds of packaging, people feel that their whole expenditure is an infructuous expenditure which is people are forced to incur that expenditure because of the psychological manipulation on the bad marketing practices. So, you should try to see that which of these products where if you see some of these papers that have been published about the bottom of the pyramid market. In fact, even the people are criticizing the first name which is fortune at the bottom of the pyramid.

So, they are saying extracting a fortune from very, very poor people in itself is a wrong philosophy or some of course, the book itself did not want to talk about that the original book written by C. K. Prahalad was more about attracting multinational companies to this market so that they bring products for that market. It was not actually meant that here is a whole market segment that you can manipulate and extract supernormal profits.

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So, this creating of false wants that I was discussing about that cheese where cheese is may not be necessary or producing too few social goods; that mean things which are socially relevant or common practice; that means there are many products. This is the category which we have not discussed and I would like you to note to this and find out, we have discussed about convenience goods, we have discussed about shopping goods, we have discussed about specialty goods, I would like you to find out what are social goods. And cultural pollution of course, people criticize continuously this huge promotion and ingress of various kinds of fast foods and you know there is a worldwide backlash; that is why even top soft drinks companies like Coca-cola or Pepsi, they are all now trying to come up with alternatives and they feel that their long-term future will not be in the kind of products for with they have become famous.

So, this is being looked at as a form of not only cultural pollution, but the cultural pollution causing chemical pollution causing health deterioration and so on and so forth. You know how many people say that some of these soft drinks are also very effective to

clean your toilet and therefore you know it shows that what they have actually demonstrated that instead of using a regular toilet cleaner you can use many of these popular soft drinks and create the same cleaning effect. So, therefore the question is or some people demonstrate that you take this soft drinks and put some stuff like even a nail in it and you see how quickly it kind of. So, they say that if you put it now inside yourself you are causing that kind of ill effect on your health, on your guts, on your intestine and your system. So, in retaliation therefore marketing management today, marketing strategy today, earlier marketing strategies saw this as an impediment, as a challenge.

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KEY CITIZEN AND PUBLIC ACTIONS

- Attempts to regulate marketing include citizen and public actions.
- Citizen Actions:
 - Consumerism
 - Environmentalism
- Public Actions:
 - Legislative proposals

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Today this is become part of the marketing strategy; that means instead of fighting against citizen action or consumerism or this various kinds of public action, you actually embrace it.

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So, consumerism which is actually now quite famous like this Jago Grahak Jago campaign-the consumer forum campaign. So, consumerism is an organized movement that has now taken shape across the world where citizen and government the regulators agencies they come together to improve the rights and powers of buyers in relation to sellers, so that all these manipulative practices, all these deceptive practices that we were discussing can be guarded against can be the consumer can be protected against these kinds of malpractices. And as I was saying that earlier marketing strategy looked at these consumerism activities, consumer forum activities as a challenge and they said how to bypass it or how to not.

They looked at as a scare something that you have to be very careful about, but today in the new marketing paradigm we are saying that no, instead of fighting against consumers and this is actually quite in consonance with the creating value together or co-creation of value which we have discussed earlier. So, you embrace this movement. So, therefore when you are actually developing a new product you highlight the natural ingredients, you highlight the organic elements, you highlight that this is something that has been grown without pesticide, you highlight that we do not use any artificial preservative and you will see today in fruit juice in various kind of other food products, there is a marketing strategy which highlights that no addition sugar, it is sugar free, it is low in sugar, it is actually low in cholesterol, this is actually not having any artificial preservative or usage of chemicals are minimal.

Earlier when it became compulsory that every food package must clearly declare not only all the ingredients, but also declare all the calorific values and cholesterol related data, a fat related data, sugar related data; these were made mandatory. Earlier people were printing them in small. Now people have taken this as a marketing strategy, they have developed new products where these consumers' interests are protected and therefore in their now new packaging they will very boldly say no artificial preservatives added. So, you can see how marketing strategy therefore can take lessons from the criticism and can turn that into part of the strategy in their marketing mix.

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SELLERS' RIGHTS

The right to . . .

- I. introduce any product in any size and style, provided it is not hazardous to personal health or safety; or, if it is, to include proper warnings and controls.
- II. charge any price for the product, provided no discrimination exists among similar kinds of buyers.
- III. spend any amount to promote the product, provided it is not defined as unfair competition.
- IV. use any product message, provided it is not misleading or dishonest in content or execution.
- V. use any buying incentive schemes, provided they are not unfair or misleading.

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Partly it can also be declared as technological developments. Well, technological developments in many ways these products which are now more sensitive to the environment, more sensitive to consumers health, actually use lesser technology in some ways. Only thing is you are right also in another way that today we can have a packaging where we can provide longer shelf-life without adding artificial preservative. So, the tetrapack packaging or the vacuum packaging has now become commercially viable and that technological development helps manufacturers to use less chemicals, use less add on elements which have nothing to do with the food value. So, there are now enshrined seller's rights which in all marketing strategy you should be clear about.

So, the seller rights as you see on your screen relate to that as a seller you should have the right to sell in any shape, size, style it should be, but important point is that you

should not cause any hazard, your product should not affect personal health or safety. So, that is why today 10 years back every product food product used various kinds of preservative, because at that time it was considered as you are right to try to maximize your shelf-life because that is that is a way of maximizing your shareholders wealth because you are maximizing your revenue, you are able to sell a particular manufacture product for a longer time. But today we do not accept that logic and therefore we say that you can you do have the right to sell anything, but you do not have the right to adversely affect the consumers health or and also whenever it is there it is proper warning and control. But you know in many products the warning and control has not worked example cigarettes.

In fact, the promotion of cigarette it has been banned only very recently. Cigarettes were promoted through movies because the characters were actually smoking when they were sad, they were smoking when they were glad, they were smoking when they are happy, but they were smoking when they are top of a mountain or in under the sea, there were all the time smoking, which were actually trying to influence provide you those affective cues which we discussed when we discuss the shampoo case. They were actually trying to manipulate your emotional cues, so that it actually influences then you are that it is okay to smoke if I am sad or it is okay to drink when I am glad.

So, all of these manipulations are now all most prohibited. So, we do not have any marketing activities or overt marketing activity open marketing activities for alcohol, for tobacco and so on, but it has not happened very easily. It has happened after long years of fight by very strong consumer groups across the world and today it has taken many years; very recently only year back or two years back promoting cigarettes through movies in very subtle fashion what was earlier in marketing called product placement.

So, if actually a hero is drinking a particular type of soft drink it is sending out very strong message or particular brand of cigarette. So, today all those have been but even then now we see the reverse. Now on the packets, on the containers, it is mentioned that it is injurious, but even then it has not worked very well. Sir, in the case of alcohol using soda to promote a particular alcohol brand is happening? So, these are all called surrogate advertising. So, these are all malpractices. So, you actually are trying to promote alcohol and because alcohol advertising is banned, so you say it is actually for music CD or it is for soda or it is for some water. So, this is something that is it still

needs consumer action and these are major changes that we have already seen in marketing and we will continue to see in your time in the 21 century, how the marketing will perhaps become more virtuous.

But anyway coming back to sellers rights they will have the freedom to charge any price, but however, pollution, however, curtail formation, however, anticompetitive moves will not be allowed. They can spend any amount to promote the product, but again the regulatory laws will say that you cannot actually cause unfair competition. You cannot swamp just because you have money power you cannot actually try to if a product is better. So, then you cannot make false claims and try to. It has happened in software and in many other domains where you can see continuously these cases go on; particularly in Europe they have very strong monopoly restriction and anticompetitive rules which has given again and again protection to smaller manufacturers, better manufacturer's better products. So, you can give any message but not misleading. You can create any buying incentive scheme but provided it is not actually by way of increasing the price and then providing discount.

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BUYERS' RIGHTS

The right to:

- I. not buy a product that is offered for sale.
- II. expect the product to be safe.
- III. expect the product to perform as claimed.
- IV. be well informed about important aspects of the product.
- V. be protected against questionable products and marketing practices.
- VI. influence products and marketing practices in ways that will improve "quality of life."

Customer Advocacy

Pyramid Diagram:

- Top: Emotional Branding with Equity
- Second: Performance, Substantial Content
- Third: Transparent
- Bottom: Footfall, AIDA

Handwritten notes: EC, NPS, FP

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And similarly buyers have rights which are now important and these are actually you will see in every country today there are this in India I would recommend that you should go to the website of the consumer forum and you should see what legally are your rights as consumer as and when you become marketing manager you should know that

your strategy must recognize this consumer rights and not try to squirt around or go around these rules. So, keeping the customer well informed help the customer to see that the product performs as you have promised or as you have claimed, protect the customer from spurious products, from inferior products and overall focusing on the quality of life and you will immediately see that all the issues that we have discussed that how you develop long term relationship, long term bonding with the customer you know that whole pyramid that we saw that at the base you have a transient customer a first time customer, but what we know is that marketing so far actually has focused on this what we call the customer footfall.

Because when we talked about AIDA we said marketing job is to create awareness, create interest and create desire and then somehow you have to bring the customer to the store. Once you brought the customer in then the purchase action was left to the front line salespeople, the store, your channel partner and so on but we now understand today that having this transient customer; that means all the time focusing on customer acquisition is a wrong strategy because it is a very expensive strategy. It is an economically unsound strategy because as competition increases due to globalization of the world as we have more and more offerings in every category, it is becoming more and more expensive to get a new customer. So, we know economically it is much better strategy to retain a customer. So, as you see that is why marketing's emphasis has moved from acquisition to retention not to get the new customer but to get a higher wallet share of the existing customer.

So, we know that earlier in the ANSOFF matrix that we have seen, therefore, existing customers giving them new product in addition to the existing product is the most economically attractive strategy. Now your existing customers will continue to buy new products from your brand from your company only if you have actually gone up with this pyramid. So, in this transient pyramid you know we would like to next have a satisfied customer. In the next level going by that the discussion we have had on consumer behavior we would now like to have. So, we know that from transient to satisfy this transition depends more on cognitive factors because this will depend on performance of your product. But what we are saying is by not only the performance but also various other activities that you will do by being honest, by helping the customer to get the maximum out of your product or service as you say to see that you exceed the

performance level that you have promised by providing all kinds of safety features. So doing all of this, this is where actually you create emotional bond or bonding with the customer. It is only if you have been able to do this and this is only possible if your strategy actually is based on ethics.

If it is based on those just the opposite of what has caused all the criticisms on marketing that we saw, it is only then we will have this is the aim of every marketer today is what we call customer advocacy; that means the customer become part of your marketing team and understand that this transition, this progress is possible only if your strategy is very focused on buyers rights, is very focused on macro marketing, the long-term issues in marketing rather than short-term profit objectives. So, we are looking at profit therefore not a transactional profit. This is another very important concept that you have to look at that it is not the transactional profit one-time profit, but it is actually a long range value that you can have from a customer. So, that is why there is a new terminology again I would request you to search for it, this is called a lifetime value of a customer and the lifetime value comes from repeat buys and repeat buys are only feasible if you have your strategy is based on strong focus on buyers rights.

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ENVIRONMENTALISM

Sustainable Marketing

An organized movement of concerned citizens and government agencies to protect and improve people's living environment.

Environmentalists are NOT against marketers, they simply want marketers to exercise more care for the environment.

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And so these environmentalism or sustainable marketing is a concept with which we would like to end today's session that, that it is not only environmental protection but an entire focus on enhancing customer's quality of life that your products, your services

improve customers quality of life, decreases customer hassle, improves customers well being. So, you do not use preservative because instead of focusing on by using preservative you can maybe make a little bit more transactional profit, but if you do not do that and enhance customers well being, then actually you will have an opportunity to get higher lifetime value from that customer.

Because once the customer understands what you are trying to do one because of your strategy because you will focus on the quality that you are offering in your product that relates to the quality of life of the customer, then you will be able to create what is now a concept that we will perhaps discuss a little bit more through some cases this concept of sustainable marketing. So that means, this is the marketing that can be sustained through relationship building, through making the customer a partner in your marketing effort because the customer will be paying tribute to your contribution to what is his or her quality of life. So, from transactional to relational from simple footfall in the store to customer advocacy, this transition, this progress in the new marketing world is only possible if you pay full attention to the ethics and rights of the customer and build your strategy around it.

Thank you.