


**Entrepreneurship**  
**Professor C. Bhaktavatsala Rao**  
**Department of Management Studies**  
**Indian Institute of Technology, Madras**  
**Marketing Strategy**

Dear Friends, Welcome to the NPTEL course on Entrepreneurship. We have reached our final week, week 12, which comprises as usual 5 lectures. During this week we will discuss marketing strategy and start-up case studies. In an earlier week, we have considered commercialisation and disruption as drivers of success. What then is the need for looking at marketing strategy again?

Having looked at the way, the start-ups function and the way significant reliance is placed on product technology and operational efficiency as the drivers of start-up success. I have also realised that some of the start-ups fail to realise the importance of structured marketing.

Therefore, I thought that it would be appropriate to have a dedicated session on marketing strategy. After that we will go through 12 start-up case studies which will demonstrate certain models of establishing start-ups and growing them and finally, we will have a session on closing remarks.

(Refer Slide Time: 1:22)




**Marketing Strategy**

Marketing Strategy or Marketing Management comprises a set of activities connecting the firm and the customer for mutual value creation. Some key functions of marketing management are as follows:

- Researching, identifying, and meeting human and social needs
- Identifying and defining products and services that meet such needs
- determining the price at which the products and services will be accepted by the customers
- positioning, promoting, distributing, selling and delivering the developed products and services in the marketplace
- providing after-sales service to the customers.

Marketing Management is far more than just selling products and services; nor is it one of creating perceptions about products and services. It serves customers, society and the firm based on aligned value propositions.



What is marketing? Many times, we hear the word sales and marketing and in certain other context we hear sales being inclusive of everything. However, marketing is actually the more comprehensive all and encompassing terminology that should be used by us when we think of

anything to do with a transaction that involves exchange of a product or service with a customer for a consideration.

And what marketing irrespective of whether the customer is new or an old customer and respective of whether the product is a product or a service and irrespective of whether the product is new or an established product involves identification of the need, the human and the social need.

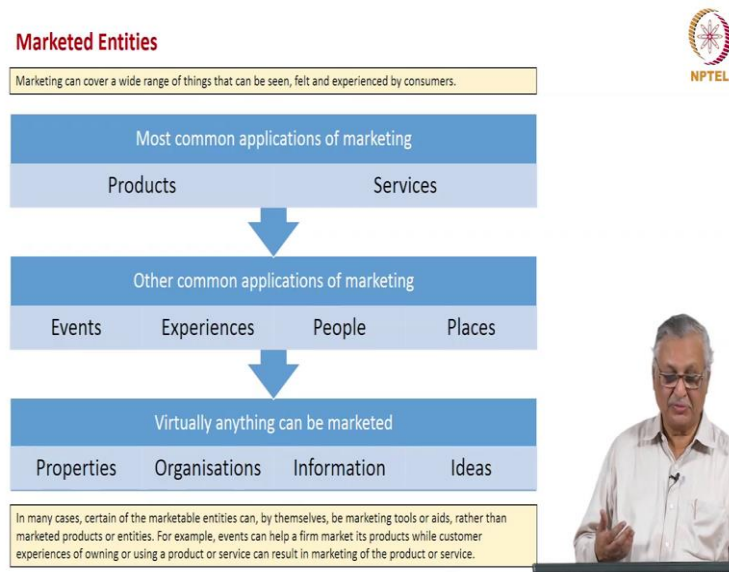
Because marketing is concerned with fulfilment of human and social needs and to be able to do that, we need to identify precisely what kind of products and services would fulfil those needs. Then we should determine the price at which the customer would find it appropriate and affordable to take that product or service.

And finally, when we look at marketing as a discipline, it consists of not only those steps of identifying the need and developing a product through of course the value chain of the company but also positioning the product, promoting the product, distributing the product, selling and finally delivering the product to the customer. But the marketing's responsibility does not end there.

Marketing's responsibility extends to even after sales service to the customers. And it is this comprehensive gamut of operations under the broad terminology marketing that would enable a company build brand image for the product. So, if a product is recalled by a customer time and again, it is because the marketing of the product has been done in an inappropriate way.

The moment you equate marketing to sales that is I need to sell more products; you tend to lose sight of this all other important adjuncts to marketing function which could create great value for the company and for the product. And marketing therefore, serves the society, the firm, as well as the customers in terms of an allied value proposition.

(Refer Slide Time: 3:36)



And what could be marketed, generally we think of a product and service being marketed but there are several other applications of marketing. An event can be marketed, an experience can be marketed, people can be marketed. When recruitment agencies offer people, they are being marketed.

Similarly, places can be marketed, when the Ministry of Tourism or agencies related to travel industry, talk about a particular place of importance then that place is getting marketed. Therefore, virtually anything can be marketed; everything can be marketed from properties to ideas. And some of these marketing entities can themselves be the marketing tools.

For example, an event that is organised to promote a new product launch, that is a marketing tool. The event is not being marketed but the product is being marketed. Similarly, the experience of driving a car which is being offered is not getting marketed as an experience but is working as a marketing tool to market the product.

(Refer Slide Time: 4:38)

**Diversity and Hierarchies of Needs**

The needs that marketing caters to are equally diverse and dynamic. Markets can be shaped by firms but could also overwhelm or underwhelm the firms if markets and consumers are not read right by the firms.

A sharp identification and definition of needs is the basic foundation for effective product development and marketing.

NPTEL

And when we talk about marketing, there are several needs and the needs can be looked at from two angles, the first way of looking at is, is it a need, a want, a desire or an aspiration. A particular individual may like to have something as an aspiration that need not necessarily mean he or she would like to fulfil that immediately through a product or a service. Therefore, we need to understand from the market place point of view what exactly are the immediate needs?

What could be the wants? What could be the desirable trends and tendencies? And what could be the operational thoughts that customers have? And similarly, we should look at how these products fall under different categories. Are they satisfying the most important, most basic needs which are physiological needs like need for a house, need for daily toothpaste, toothbrush, etcetera?

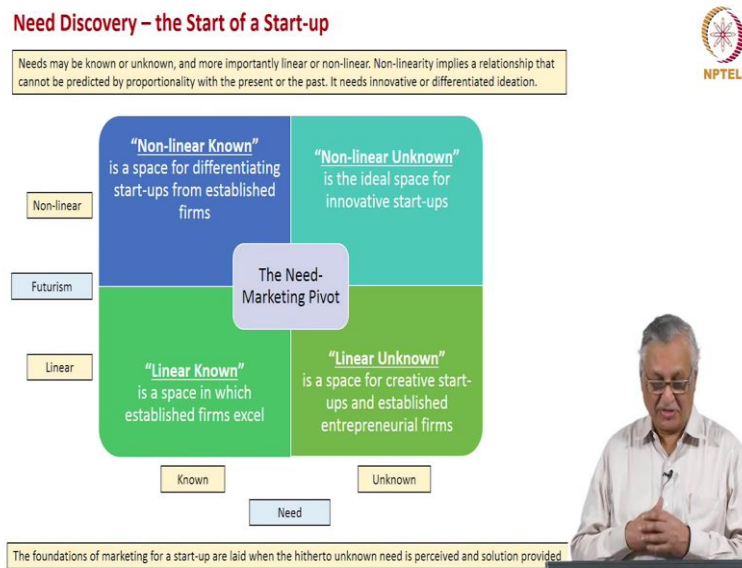
Are they safety needs like an insurance policy or something to do with one's wellbeing? Are they products or services which help the person feel that he is a part of a good life society? Are they ones which are related to esteem like a Mercedes Benz car or those things which lead a person to fully lead a contented life? So, would those needs help the person self-actualize himself?

So, once you understand where this product or service is going to fall in terms of satisfying this desire, wants, needs, aspiration which I call as DAWN and also which we look at the nature of the needs, we can understand what kind of needs are emerging and how those

diverse needs could be fulfilled. And some of the needs are again very physical, you can feel them in your hand, you can use them and some are emotional need.

Some are experience needs, some are esteem needs, so when you have this kind of gamut of needs it is very clear that we need to understand the need hierarchy, need segmentation very clearly and that is where the design thinking methodology we discussed in an earlier session that becomes very important because we could read the needs wrongly, we could read the customers' expectation wrongly, then the whole start-up idea are driven and established company's new product idea go aground.

(Refer Slide Time: 7:02)



So, when you think about needs, you can look at it two by two matrix, the need could be a known need and unknown need. And the futurism which is involved in need that is nobody buys for today's requirement; nobody buys for yesterday's requirement. So, when someone wants to buy a car, he wants to fulfil a futuristic need. Something which will meet let us say BS6 standards rather than BS4 standards, even if today, before April 1.

Similarly, when you buy a smartphone, you would like that smartphone to be relevant for another few months. So, there is also in futurism involved when you make a decision. So, when we look at this, needs can be known, unknown, futurism, could be linear that is, it can be expressed in terms of clear hierarchy of development like if you needed 10 GB memory, if you want a 12 GB memory it is a linear futuristic need.

And it would be completely non-leisure that is you do not know what the future could bring in terms of the positivity. So, when you look at this thing, if you are fulfilling a known need, which is likely to be futuristic only in a linear way, it is a linear known and in this the established companies excel very much because their whole operating mission is tuned to incrementally develop products and also offer those products incrementally to additional customers or achieve higher share.

Then there is the question of linear growth but the need is unknown. This is a space for creative start-ups and established entrepreneurial firms as well because they are experimenting with what kind of product that could be done but the level of creativity and innovation is not too high, it is linear. Then you have nonlinear known that is you know that this is the product which customer wants but his expectation is extremely high.

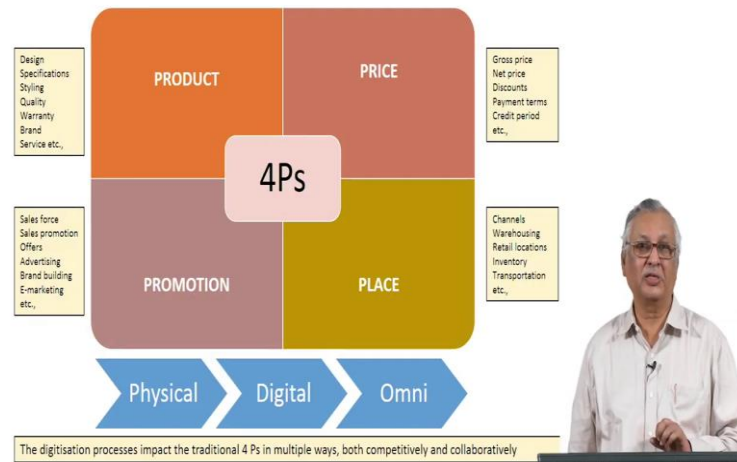
That happened when people looked at cameras with selfie capability. Point, there was a time when 0.8 MP or 1 MP was all that was there but the growth was not linear, it was non-linear. Someone wanted 16 MP straight away, whatever was the capability of a rear camera was expected to be there in the frontal camera. So, it is a case for differentiating start-ups from established firms.

That is non-linearity is a capability of a start-up or an entrepreneurial established firm, therefore, you can create new firms. But if you really want to talk genuine authentic start-ups, non-linear unknown is the place where start-ups would play and that is where they create their unique market segments and hopefully the unique industrial segments. So, innovative start-ups excel in doing non-linear unknown just as established companies excel in doing linear known. This is the kind of classification we should conceptualise and keep in mind as we think of marketing strategy.

(Refer Slide Time: 9:55)

### The 4 Ps of Marketing in a Digital Era

Successful marketing requires emphasis on 4 Ps, variations of which contribute to the effectiveness of marketing



There are classically 4Ps of marketing, they have not changed over the last several decades. Product, price, promotion, place. And when we talk about product, it is the design, the specification, the styling, the look and feel, the quality, the warrantee offered, the brand service, etcetera. And we talk about price, there is one price which is a sticker price, gross price or the marketing price.

Then you have net price, discounts, payment terms credit period, so there are several ways in which the price can be tempered, moderated and made attractive for the customer. Then you have promotion, the promotion takes place when the product is displayed in the shelf, on the shelf when the product is sold to the sales force and advertising is resorted to and very specific brand building is made.

And even digital marketing is one great tool of promotion in this digital area. And when we talk about place, we have channels, warehouses, retail locations, inventory transportation. But the chain that is occurring the digital area is that whatever was physical has become digital in part and today companies believe in omni channel. So, these four Ps are now becoming twelve Ps as they are adapted to these three methods of doing marketing.

(Refer Slide Time: 11:12)

**Granularity of Sales**

The sales a firm experiences tends to be only a fraction of the total available market. Marketing leaders need to understand the market in totality, and strategise to expand the market currently catered to by the firm.

Year 1 Year 2 Year 3 Year 4 Year 5

Operating Market for the Firm  
Available Market for the Firm  
Available Market for the Industry Segment  
Available Market for the Industry

P1M2 P2M2  
P1M1 P2M1

This analysis needs to be carried out in respect of homogenous product clusters (P1, P2, P3 etc..) and homogenous market groupings (M1, M2, M3 etc..). This analysis needs to be carried out over a time horizon for execution.

NPTEL

It is also very important to understand, what we mean by market. Many times, people have this concept of total industry volume that is for example in commercial vehicle industry, Ashok Leyland, Tata motors and few other commercial vehicle manufacturers would add up the total sale. And they say that is the demand. But does not true, it is an aggregate output of these five manufacturers, it is not the demand.

So, it is important to understand what is the real demand for the product or service I would like to market. Therefore, there are four concentric circles I demonstrate here. One is the deep blue circle which is there, which is the smallest circle, this is the operating market for the firm which is the total industry volume here referred to. Then we have got available market for the firm and the third larger circle is the available market for the industry segment and finally, the available market for the industry.

So, when you look at let us say the same example of the commercial vehicle, let us say company is doing the light commercial vehicle business and it is not into any other commercial vehicle, then the operating market for the firm is the sales which it does for that particular product segment. But then light commercial vehicle is not the only thing which you could do.

You may be considering that certain special application vehicles are not your cup of tea and therefore, you are not considering them as your like, your product range, then if you keep adding those kinds of things you will get the available market for the firm. Similarly, if you



are operating only in India and if you see what other markets you could be playing in that becomes the available market for the product firm.

If you are able to sell 20 products in a country and you are able to get 200 million dollars by offering the same products in all the countries you can obviously get much more, that is the available market for the firm. You do nothing in terms of products but you expand your market you get additional market. Then you look at the available market for the industry segment.

The light commercials you are making is only, let us say in two-ton to four-ton gross vehicle weight range but light commercial vehicle goes up to, let us say 8-ton gross vehicle weight then the available market for the industry expands. And finally, when you look at the whole commercial vehicle industry including trucks, buses, all kinds of goods transportation and passenger transportation, the market would be much-much larger.

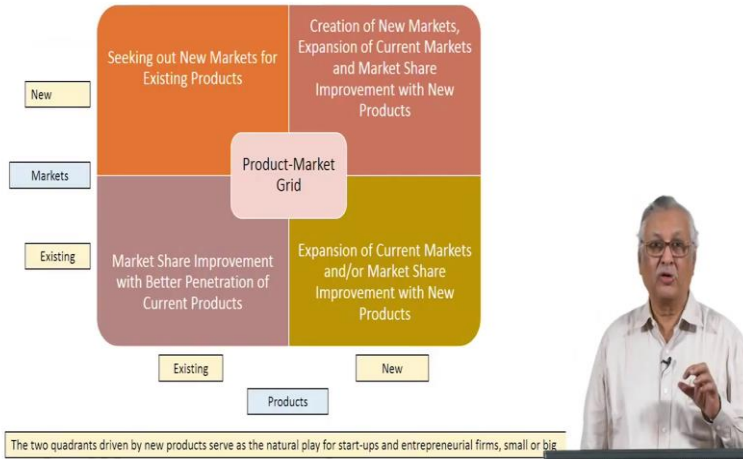
So, we need to understand what is the market available in terms of product market grouping. Homogenous product clusters, homogenous market clusters and then try to map out and that exercise should be done in year one, year two, three, four, five bases. So, in one of the companies where I been working at the helm, we had 130 products being marketed in the United States of America.

And that provided a turnover of let us say 2 billion dollars. But when we looked at this potential in several other markets, by simply homologating the products to other markets we are able to double these sales potential. So, the concentric circle method of looking at the market in terms of operating market, available market, available market for the industry segment and finally, the available market for industries indeed an eye-opener for any company to look at, in terms of development.

(Refer Slide Time: 14:31)

### Product-Market Grid: the Classic Market Growth Strategy

The matrix of products and markets is a classic strategy that marketing and business leaders deploy to chart growth.



And we have this classic product market grid. What are my existing products, what are the new products and what are my existing markets and what are my new products? So, if you chose to stay within the existing product, existing market grid, the only way you can grow is by either getting additional customers or increasing your penetration.

On the other hand, if you want to play with new products in the existing market. You would probably open up the markets a little more and then you will get additional customers based on the new products. On the other hand, you can seek out new markets for the existing products and example which I talked about earlier.

And finally, creativity again coming back to the start-up thing, when you create new products with completely new products, you are obviously creating completely new industry segments and industries as a whole. These 2 quadrants which are developed by new products serve as natural play for start-ups in this marketing.

(Refer Slide Time: 15:28)



Like every other discipline, marketing is also evolving and when the revolution of the marketing is painted, you can see these three particular ways of looking at it. One is the 3 major market forces that are impacting the marketing. One, technology, we covered technology in great detailing this course, then globalisation; again we covered that in multiple examples and finally, the environmental, social and health responsibility.

We can no longer do something which other countries have refused to do but we think that we can do that product here. Nor could, just be done in terms of not looking at the pollution impact of whatever we are doing. So, those are the 3 trends which are impacting the market forces. So, marketing department no longer has the freedom to say that you please give me the product without looking at these factors.

And the market dynamics, new consumer requirements and new company capabilities and that trend tells us whether this firm is going to renew itself or transform itself. And marketing itself is no longer the selling operation as I mentioned, it is the product driven marketing, it could be need centric marketing, could be person who are in marketing or it could be experience driven marketing.

(Refer Slide Time: 16:41)

**Consumer Behaviour**

Consumer behavior is not always rational or pre-planned. The best of marketing plans can go awry when environmental variables alter the market dynamics. Growth, liquidity, and even hope drive positive consumer behavior, and vice versa.

HNIs  
Aspirational Consumers  
Bottom of the Pyramid Consumers

Stable, luxury, low volume needs  
Volatile, premium, mid-volume needs  
Stable, basic, high volume needs

Consumer behavior tends to be unpredictable in respect of segments where purchasing power and quality of life expectations are dynamic, and are fueled by economic growth and liquidity push.

NPTEL

So, when we talk about marketing, it is basically influencing a customer to buy a product. So, we could call it purchasing behaviour, we could also call it consumer behaviour. Many times we predicate our marketing decisions on certain consumer behaviour but consumer behaviour is not always rational, it goes through different ways of looking at the same product, although the need has been expressed in a very clear manner when the market research was being done or when the sales was prospecting the requirement.

And to understand the consumer behaviour, we should see the market place in terms of three clear segregated areas: Bottom of pyramid consumers, who look at subtle ways of fulfilling their needs. Their needs are very stable, basic and they are high volume needs. Then we have the huge, what we call, middle class, or the aspiring class, aspirational consumers. They are volatile.

If the jobs are good, if the employment creation is good, if the purchasing power is high, if the bonuses are good, the demand spikes up. But in general, they would like to have premium and mid volume needs. And finally, you have high net worth individuals who have stable, luxury, low volume needs. So, understanding the consumer pyramid is important to understand the consumer behaviour trends.

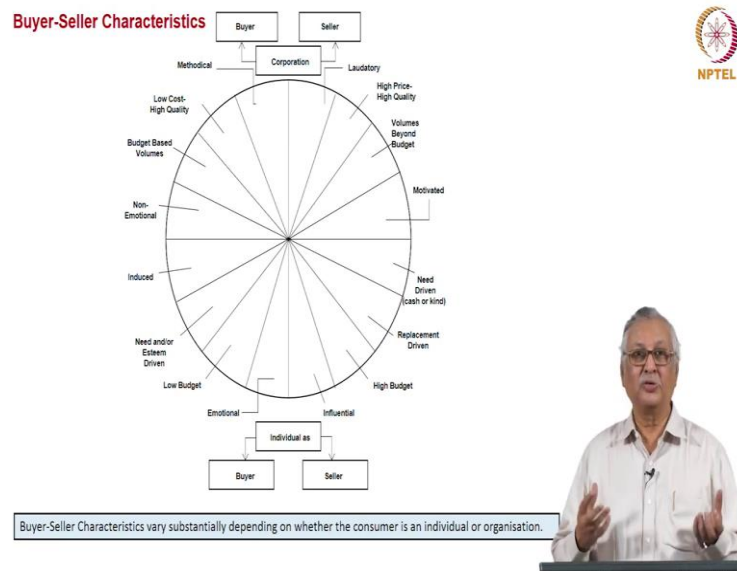
And that influences the marketing department in terms of its communication. For the bottom of pyramid consumers, in order to get the proper consumer behaviour, we should be very clear, very open and very detailed about how the need is getting satisfied in terms of the

functionalities, usage, the warrantee and the stability, whereas the aspirational consumers need to be communicated the premium features of your product or services.

And as far as the HNIs are concerned, you only communicate luxury esteem high quality. So, if you look at the advertisements or communication messages for a luxury brand versus a aspirational brand versus a bottom of the pyramid brand, you will find that the messages are completely different and celebrities probably are used much more for HNI and aspirational needs and much less for the bottom of the pyramid consumers.

And again talking about bottom of the pyramid is not in any kind of negative or not so important sense, in fact, everyone agrees, everyone genuinely believes that it is the bottom of the pyramid consumer section that we need to really focus on, at least in emerging economies like ours, so that their needs are respected and they are fulfilled and they are enabled to expand their quality of life, upgrade their quality of life. Therefore, any start-up which looks at the bottom of the pyramid consumer is as important and as relevant as a start-up which looks at the aspirational consumer.

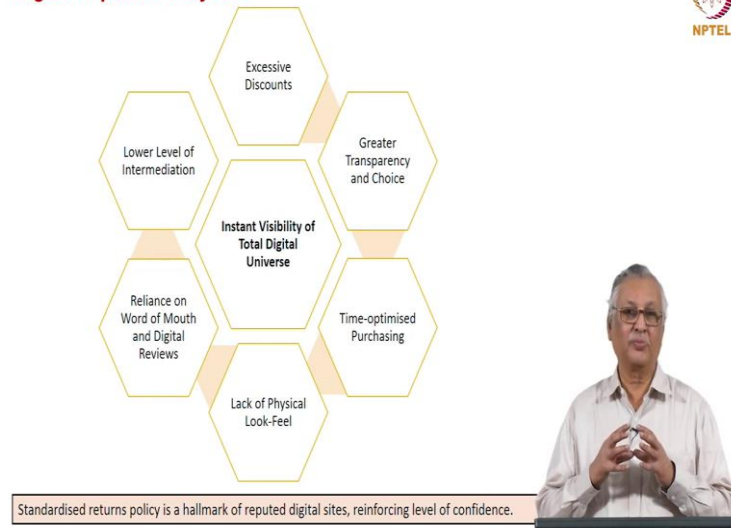
(Refer Slide Time: 19:40)



This is a chart which is a busy chart and which looks about the buyer seller characteristics. A buyer could be corporation, and the corporation could also be a seller. Similarly, an individual could be a buyer, could be a seller, depending upon how this individual position himself or herself as a buyer or seller and again on a corporation or in his individual capacity. The characteristics vary a lot. And I would leave this slide for you to mull over as you go through the materials.

(Refer Slide Time: 20:12)

### Digital Impact on Buy-Sell



So, what is the digital impact on buy-sell? The single prominent impact is that there is instant visibility of the total universe of the products. What you cannot do in a physical store because products could be mono-brands store, even if they are multi brand stores, only certain kinds of multi-brands would be there, and there is time constraint.

But with digital marketing you can see the entire digital universe and then you can optimise your time of purchasing, you can select when to purchase and you also encounter certain issues like you do not have the lack of physical look and feel. So, how does the digital impact manage? They have done something which is not usually done by the physical stores.

They have introduced a policy of standardised returns to provide consumer confidence. So, when new method of market place comes into being, it is left to that market place to you have all its own norms, so that it can become as important as the physical or the established market place.

(Refer Slide Time: 21:11)

### Customer-Product Profitability Analysis

Customers and products vary in terms of respective profit potential. The company must choose an appropriate product-customer mix that maximises overall profitability. At the same time, certain customers and products may be retained despite low-profit or loss making situation to preserve overall business equity with the marketplace.



Customers				
	Customer Group 1	Customer Group 2	Customer Group 3	
Product 1	+	+	+	Highly Profitable Product
Product 2	+			Profitable Product
Product 3		-	-	Unprofitable Product
Product 4			-	Highly Unprofitable Product
	High Profit Customer	Low Profit Customer	Loss Making Customer	

Adapted from: Marketing Management by Phillip Kotler and Kevin Lane Keller, 15th Edition, Pearson Education, 2016



Then again, we have another tool which is analysis of consumer group and the product group. It may be very easy to imagine that wherever there is a plus that is high profitability and that group and that product should be the one which should be preferred. But a company's marketing decision cannot always be based on the product profitability concentration.

If you are having even a negative profit product at times it becomes important to provide that product. For example, you are selling pharmaceuticals, there could be antibiotics which are the top of the mind, recall products for treating infections but at the same time you must also offer the older generation antibiotics because large parts of the population would require those kinds of low-cost product.

So, you have to do a bundled approach, you can have a high profit product but also you can have a medium product and at times even negative profit product. So, marketing decisions and the product profitability decisions are not easily made, they are made with lot of conscious understanding of the total market place and what would build the company's image in the market.

(Refer Slide Time: 22:21)

## Product Marketing Plan

Prior to marketing a product, a company is well-advised to undertake pilot marketing of the product in the target markets, following the previously discussed processes of design thinking leading to prototyping, testing and validation.



Many marketing plans do not provide adequate time for pilot marketing. While pilot marketing may not lead to any change in specifications once a proper development protocol is followed, it will provide valuable inputs for structuring appropriate market positioning and communication strategies.

Then we have the product marketing plan, when you have all these kinds of things put into your place and the basic plan is set up you have got the product prototyping phase which we discussed at great length. Then you have pilot marketing phase and then the marketing phase. The experience with marketing is that the pilot marketing is not given the kind of due importance that should be given.

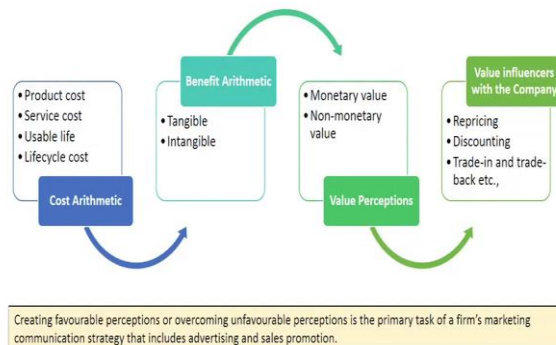
Because pilot marketing may not change the specifications but it provides a very good piece of advice to the firms on the communication strategy to be adopted on the consumer behaviour changes that could have happened after the initial design thinking phase has been completed and the product developed.



(Refer Slide Time: 23:05)

### The Perception Filters

Customer acceptance of a product is not a matter of mere cost-price arithmetic. It is a resultant of perceptions too.



And then the perception filters. How do we have the perceptions? Influence the, the final marketing call. Generally, there is a cost arithmetic which is the product cost, the service cost. And then there is a benefit arithmetic. Cost arithmetic is made by the company and it is very visible, but the benefit arithmetic is perceived by the consumer and it could be a tangible benefit or intangible benefit.

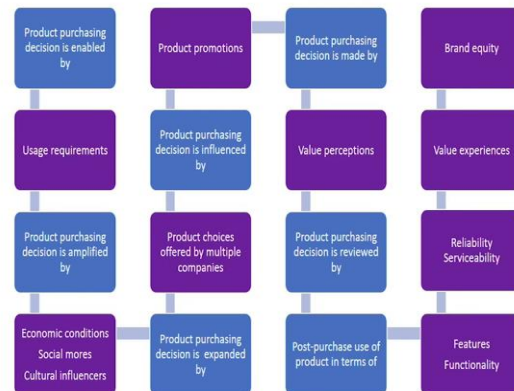
And when someone looks at these benefits, he or she would also look at the monetary value and the non-monetary value that comes from the benefit. So that comes the value proposition. And finally, when company looks at these three segments, starts, the company starts looking at how I should play with value perception. Should I reprice the product? Should I discount the product? Should I trade in or trade back?

Which is one of the reasons why you have today, offers of trading even for cars, not only for smartphones, you have even for cars, a trade in policy assuring that 5 years down the road, you can exchange your car for a particular reason, that is an insurance. So, how do you influence the value perception is something which could be a part of marketing strategy. And the various communication options I have listed here and you could through again at your leisure.

(Refer Slide Time: 24:25)

### Product Purchasing Decision

Product purchasing decision is an interaction of multiple variables – a process which is simple as well as complex.



The interplay of variables prior to purchasing decision are usually overtaken by user experiences post-purchasing decision; these experiences serve as key parameters of customer loyalty and brand equity.



This product purchasing decision which is part of the consumer behaviour is a complex decision. I have illustrated the 16 steps in this process which starts from the product purchasing decision and goes through a number of iterative questions and finally looks at last four violet verticals. One, what are the features and functionality, what is the reliability and serviceability that the product offers, what is the value experience I am going to give?

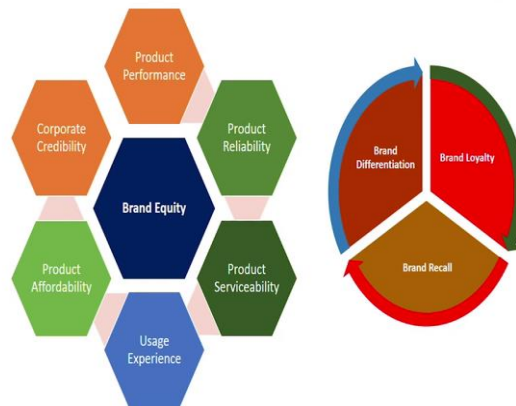
And finally, is the brand that I am going to vote for providing the right brand equity. So, this interplay of variables before the consumer reaches this final point of analysing the product comprises several steps and at each step the company has got the marketing opportunity and also certain marketing tools to influence the purchasing decision.

So, a good marketing strategy does not look at the end product advertisement alone. It looks at influencing the product purchase decision all through these twelve steps that precede the final definition of the purchasing decision.

(Refer Slide Time: 25:41)

### Building Brand Equity

Brand equity denotes the tangible commercial value and the intangible goodwill that the name of a brand that represents the product or service carries. Brand equity gets built up over time. Factors that contribute to brand equity are:



Usually brand equity and corporate equity are positively correlated although there could be exceptions whereby a good brand could exist under a not so well-known corporate umbrella and a good corporation could have ordinary brands.



Another important thing we have in marketing strategy is how do we build the brand equity. Brand equity is something which is akin to the personality of an individual. It is the product personality. And the brand equity comes from several factors. First and foremost, the product performance, second, product reliability, third, product serviceability, fourth, the usage experience, the pricing option and finally the corporate creditability.

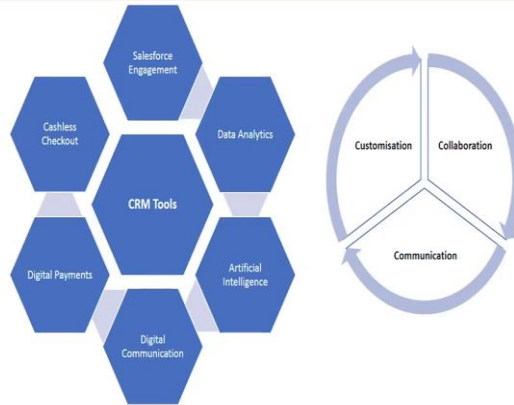
There could be companies which are very credible but their brands could be kind of also run brands may not be having the kind of equity which let's say fast moving consumer goods of Hindustan Lever has. Therefore, there could be those kinds of companies but on other hand there could be companies such as Hindustan Lever which have got not only corporate brand equity but also individual product line brand equity.

So, this is a process that gets accomplished over several years of performance in the market place. Therefore, brand differentiation, brand loyalty, brand recall these are three essential components of a brand equity paradigm.

(Refer Slide Time: 26:49)

### Customer Relationship Management

Customer Relationship Management (CRM) comprises the methodology and technology for governing the relationships between the company and the customer to ensure better customer experiences and improving business potential in the process. CRM has moved from knowing the customer better to discovering the customer needs more proactively.



Customer satisfaction and customer retention are two basic outcomes of CRM. Digital CRM goes farther in terms of reading customer mind and behaviour to develop cues for better engagement between the company and customers.



Customer relationship management is an important aspect of marketing strategy. How do we communicate with the customer? How do we collaborate with the customer? How do we customise our product to the consumer? These are the three aspects of CRM, and to be able to do that fundamentally, we have sales force engagement, but we also have lot of data analytics going as much as observing a consumer's behaviour including the eye-contact, how the hands move and the kind of tentative nature of a consumer's behaviour in the store.

All those things could be captured and analyse through artificial intelligence deep learning. And some kind of very advanced data analytics be developed. That is a one part. The other part is providing a better experience in terms of digital payments and even completely cashless easy checkout which Amazon has pioneered. So, there are several ways in which customer can be brought closer or the company can go closer to the customer utilising these tools.

(Refer Slide Time: 27:51)

### Retailing Options

A company has multiple options to reach the products to consumers. While direct to consumer sales (from factory) is feasible, retail happens through one or more of the following retail formats; from single entity to retail chains. Some are:

The diagram illustrates retailing options. On the left, a central hexagon labeled 'Retail Formats' is surrounded by six other hexagons: 'Single Retailer', 'Company Retail Stores', 'Single Brand Retail Chains', 'Multi Brand Cooperatives', 'Retailer or Consumer Cooperatives', and 'Digital Marketplaces'. On the right, a circular diagram shows three interconnected segments: 'Retailer Independence', 'Licensing and Franchising', and 'Joint Ventures'. Below the diagrams, a text box states: 'A company has multiple formats it can choose from for retailing; in many cases, deployment of multiple retail formats helps the company broaden product visibility, enhance customer reach and maximise sales potential for its products.'

NPTEL

Then we have retailing options which could start with retail at a single place as a single retailer to company retail stores and then multi brand retail options and finally digital market places. And here again should the retailer be independent? Should the retailer have licencing and franchising options or should the retailer have joint ventures?

These are the strategic options. So, when we look at marketing strategy and look at all these kinds of options. We realise how broad marketing strategy as concept is and as an operational activity is and how many elements are involved and each of these things qualifies as a particular line of thinking and a particular department.

(Refer Slide Time: 28:37)

### Packaging

Packaging goes far beyond the functional requirement of protecting a product as it gets delivered from factory into consumer's hands; Creative and quality packaging can be an effective consumer protection and company marketing tool.

The diagram illustrates characteristics of good packaging. On the left, a central hexagon labeled 'Characteristics of Good Packaging' is surrounded by six other hexagons: 'Compact, Robust and Protective', 'Customised to the product', 'Colourful and attractive', 'Readable and instructive', 'Transportable', and 'Reusable and/or recyclable'. On the right, a circular diagram shows three interconnected segments: 'Tamper-proof', 'Traceable', and 'Uniquely identifiable'. Below the diagrams, a text box states: 'Even a great product can lose its value without good packaging. High quality and consummate nature of packaging is an essential component of contemporary marketing. Labelling is an integral part of packaging. Packaging cum labelling design is an integral part of product design and warranty. Poor packaging and labelling cause product adulteration.'

NPTEL

Same applies to packaging. Packaging is as important as the product. Product may mean something to the company which is manufacturing and may be a perception to the customer. But the translation or the bridge between what the company thinks and what consumer wants is given by packaging. In certain industries, particularly in FMCG and also in pharmaceutical industry, packaging is very important.

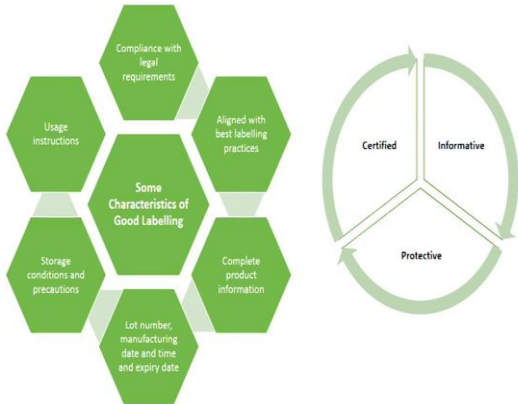

Because it is a warrantee given by the company saying that what I am selling in this container or in this blister pack is the product which has ABCD specifications. And good packaging is tamper proof, it is traceable, and is uniquely identifiable. So, packaging is an extremely important aspect of marketing. And in pharmaceutical industry labelling and packaging constitute one entire section of the drug master file or the abbreviated new drug application which the company has to make to the regulators.

So, even a good product loses its value without good packaging. It could be due to damages enroute or it could be due to simply bad feel you have when you look at the packaging. So, the shippers, the primary containers, they all need to be of quality that is fit for the purpose that is extremely important.

(Refer Slide Time: 30:00)

**Labelling**

Labelling is the essential identification of a product. It could be a paper layer securely bonded to the product container, embossed or engraved on the container with digital identification support through barcode, RFID and track and trace.




Some Characteristics of Good Labelling

- Compliance with legal requirements
- Aligned with best labelling practices
- Complete product information
- Lot number, manufacturing date and time and expiry date
- Storage conditions and precautions
- Usage instructions

Certified Informative Protective

The label is an integral part of not only the product container but also the primary, secondary and tertiary packaging

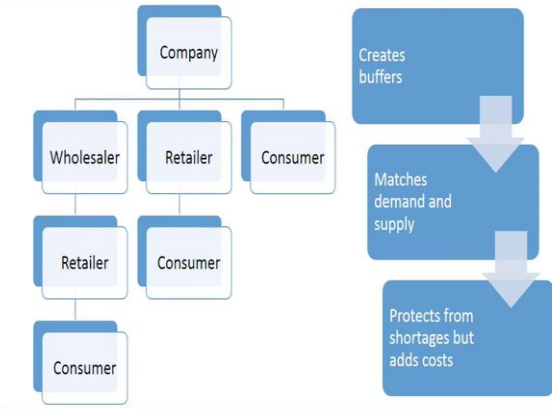


Labelling is also one part of the packaging which gives the final specifications of the product, the labelling always should be certified. We see on our labels, FSSAI or other labels, then it should be informative and it should be protective, protective of consumer's interest primarily.

(Refer Slide Time: 30:17)

### Wholesaling

Wholesalers are the intermediaries who stock the products before they reach the retailers. Wholesalers act as important buffers between the company and retailers. Typically, wholesalers have the power to stock multiple SKUs, and supply products just in time to retailers. Wholesalers are also called Consignment and Forwarding Agents. Multiple models exist.



Wholesaling is an integral part of marketing network and determines the efficiency and effectiveness of retail-level customer fulfillment. Typically wholesalers are centralised and customised even as retailers are widely dispersed.



Wholesaling is another very important aspect of selling because a company is not able to reach the market, we have the retailers. But between the retailers and the company, you need a buffer, and that buffer is a wholesaler and the wholesaler typically is a kind of conglomerate kind of a concept.


That is, he or she under his or her ownership has number of brands. It is no longer just the Lupin brand of pharmaceuticals or Alembic brand of pharmaceuticals. Every pharmaceutical is with the wholesaler, the very important function is to make just in time availability feasible in an industry where the demand is unpredictable. So, wholesalers perform a huge responsibility to the marketing value chain of a company.



(Refer Slide Time: 31:13)


**Dealership**

Dealership is a combination of wholesaler and retailer roles that is found in industries such as automobiles and whitegoods. Dealers purchase products wholesale from the company and sell directly to customers. Dealership is useful when products require large display areas and 'look-feel-tryout' prior to purchase, and when products need considerable after-sales service support.



- Dealers are typically dedicated to companies and product-lines
- Dealers act as extended arms of companies with their exclusive relationships
- Dealers estimate demand and provide for adequate quantities of products at their end for customer choice
- Dealers typically commit significant resources for sales and service infrastructure
- A good dealership goes a long way in building brand equity for a product

The sale to a dealer by the company is called the primary sale and the sale by the dealer to the consumer is called secondary sales. Sale to a dealer need not always represent the real customer demand fulfillment.



Dealership is another very important aspect of wholesaling but dealership is a combination of wholesaling concept and retailing concept. Whereas a wholesaler never sells a product direct to the consumer and the retailer directly sells product to the consumer. You have dealership where products are displayed and the consumer has a choice and dealership is typically taken when the product requires lot of display, lot of explanation, lot of technology and requires post sales servicing.

So, automobile industry, white goods industry are classic examples where dealership is the way to market the products. But one thing we need to keep in mind is that the sales a company does to a wholesaler, to a retailer or to the dealership is not the sales that is required of the customer. These are what we may call? Secondary sales, they are not the primary sales because the true demand is when the product reaches the market.

And most of marketing challenges remain unfulfilled in understanding what is the actual sale that is happening at the customer place that is why you have prescription audits, you have got several retail audits in certain industries to make sure the what we see as the primary sale and what we see as the statically sampled sale or one and the same.



(Refer Slide Time: 32:41)

### Transportation

Transportation is the branch of marketing that deals with reaching the company's products to the primary points of sales through various modes of transport. Subsequent transportation to retailers is undertaken by the wholesaler.

Transportation is an often ignored component in the Indian marketing strategy

Bad transportation is one of the major causes of product losses and recalls      Good transportation ensures packaging integrity and product safety      Cost of transportation is important in export operations



Certain products require cold chain transportation logistics from the first mile offtake to last mile delivery

Need for temperature controlled trucks and warehouses across the nation to transport and store materials/products properly      Particularly required for perishable products, pharmaceutical products and certain key temperature-sensitive raw materials

Good Transportation Practice helps firms achieve transportation traceability and optimal operation costs

HVAC systems and data loggers help implementation of GTP      Transportation as a function should be provided due organisational recognition

Transport efficiency (speed, cost, timeliness, traceability, and safety) would be a source of marketing advantage. Multi-modal transportation and 'hub and spoke' transportation models help a firm optimise its transportation efficiency.









Transportation is another very important aspect of sales. Good transportation practice is extremely important. There are products which require cold chain storage and cold chain transportation and track and traceability, not just the RFID kind of tracking but track and tracing of the commodity across various geography, that becomes extremely important.

(Refer Slide Time: 33:05)

### Market Segmentation



Market segmentation involves segmenting the total market (i.e., the universe of customers relevant for the product family) in terms of certain common characteristics related to usage of the product and affordability by the customer.



Samsung Galaxy S10 Range      Galaxy Note 10 Range      Samsung Galaxy S20 Range

Samsung Galaxy A70 Series      Samsung Galaxy M Series      Samsung Feature Phone

With specifications ranging from 1 GB memory to 1 TB memory, 2 MP camera to 108 camera and steep gradients on a host of features and prices ranging from Rs 10,000 to Rs 100,000 in steps of Rs 10,000, Samsung segments mobile phone market like no other manufacturer.



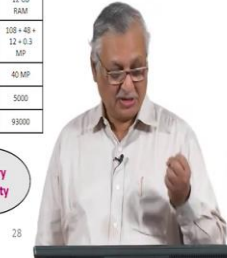
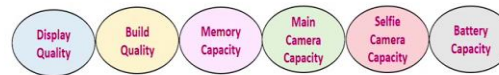
Then we have this concept of market segmentation. How do we segment the market? I have given here an example of Samsung phones. How you can see from the feature phone to the latest Galaxy S20, 20 plus and ultra-range and how does one differentiate the market? Differentiation is through certain key specification.

(Refer Slide Time: 33:25)

### Specifications Lead to Segmentation – Smartphone Example



	Galaxy A20	Galaxy A50	Galaxy A70	Galaxy M30	Galaxy S10	Galaxy S10+	Galaxy Note10	Galaxy Note10+	Galaxy S20	Galaxy S20+	Galaxy S20 Ultra
Approx Dimensions (mm)	156 x 76 x 8	156 x 75 x 8	165 x 77 x 8	156 x 76 x 8	150 x 70 x 8	158 x 74 x 8	151 x 72 x 8	162 x 77 x 8	152 x 69 x 8	162 x 74 x 8	167 x 76 x 9
Height (cm)	15.6	15.5	16.5	15.6	15.0	15.8	15.1	16.2	15.2	16.2	16.7
Frame build	Plastic	Plastic	Plastic	Plastic	Aluminium	Ceramic	Aluminium	Aluminium	Aluminium	Aluminium	Aluminium
Display	IPS LCD	Super AMOLED	Super AMOLED	PLS TFT	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED	Dynamic AMOLED
Size (inches)	6.2	6.4	6.7	6.2	6.1	6.4	6.3	6.8	6.2	6.7	6.9
Resolution (ppi)	271	403	393	270	550	552	401	496	563	525	511
Memory	32 GB - 2 GB RAM	64 GB - 4 GB RAM	128 GB - 8 GB RAM	32 GB - 2 GB RAM	512 GB - 8 GB RAM	1TB - 124 GB RAM	256 GB - 11 GB RAM	512 GB - 12 GB RAM	128 GB - 8 GB RAM	128 GB - 8 GB RAM	128 GB - 12 GB RAM
Main Camera	13 MP	16 + 5 MP	22 + 8 + 7 MP	13 + 5 MP	12 + 12 + 10 MP	12 + 12 + 10 MP	12 + 12 + 10 MP	12 + 12 + 10 MP	12 + 64 + 12 MP	12 + 64 + 12 + 3 MP	108 + 48 + 12 + 0.3 MP
Selfie Camera	5 MP	16 MP	32 MP	5 MP	10 MP	10 + 8 MP	10 MP	10 MP	10 MP	10 MP	40 MP
Battery (mAh)	3400	4000	4500	3400	3400	4200	3500	4300	4000	4500	5000
Price (Rs.)	8000	14000	19000	7500	45000	66000	70000	80000	67000	74000	93000



When you look at these smartphones, by looking at display quality, the build quality, the memory capacity, main camera capability, selfie camera capability, the battery capacity. Just to quote six parameters, you can segment the market. From ten thousand rupees to hundred thousand rupees in steps of ten thousand rupees and in memory steps of several GB and other categories including pixel density and zoom capability.

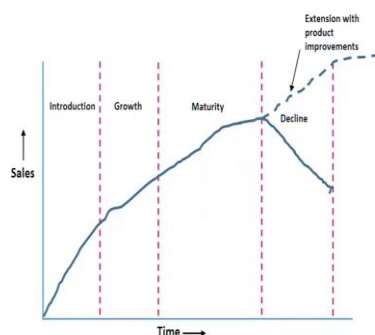
So, the more the technology gets evolved and expressed in terms of certain new functionalities, it is possible to segment the market in a much more granular way. Marketing strategy again therefore involves understanding of the technology and making sure that the market segmentation is done in such a way that the overall market can be serviced in a much better fashion.

(Refer Slide Time: 34:16)

## Product Lifecycle and its Management



Product Lifecycle (PLC) covers the growth of the product from the first launch in the market place to its decline; PLC can be extended with product improvements and extensions



Product lifecycle extensions can be of limited use when faced with disruptive technological developments; nevertheless, just as basic feature phones co-exist with smart phones, basic products can continue to be of relevance.



Some of the last concepts, one the product lifecycle concept. Every product will have its introduction phase, the growth phase, the maturity phase and the decline phase. And the product lifecycle management is nothing but ensuring that the maturity phase lasts as long as possible and you try to keep the product alive and growing with product improvements. But again, product lifecycle management can be of limited use when technological changes are disruptive.

And new technologies are seen to be decidedly better than the existing technology. So, incremental technological improvements may not be accepted to that extent but that said. Basic products continue to be useful as I mentioned in the smartphone example where a feature phone is still relevant even in today's high technology smartphone era.

Therefore, how do we ensure that the product lifecycle is operated in such a manner that all kinds of products will be offered for all kinds of market segments.

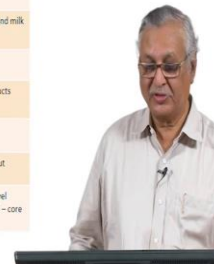
(Refer Slide Time: 35:15)

## Building Strong Brands



Summary of Product Life Cycle Characteristics, Objectives and Strategies				
	Introduction	Growth	Maturity	Decline
<b>Characteristics</b>				
Sales	Low Sales	Rapid Rising Sales	Peak Sales	Declining Sales
Costs	High cost per customer	Average cost per customer	Low cost per customer	Low cost per customer
Profits	Negative	Rising profits	High profits	Declining profits
Customers	Innovation	Early adopters	Middle majority	Laggards
Competitors	Few	Growing number	Stable number beginning to decline	Declining number
<b>Marketing Objectives</b>				
	Create product awareness and trial	Maximize market share	Maximize profit while defending market share	Reduce expenditure and milk the brand
<b>Strategies</b>				
Product	Offer a basic Product	Offer Product extensions, service, warranty	Diversify brands and items models	Phase out weak products
Price	Charge cost plus	Price to penetrate market	Price to match or –best competitors’	Cut Price
Distribution	Build selective distribution	Build intensive distribution	Build more intensive distribution	Go Selective: phase out unprofitable outlets
Communications	Build product awareness and trial among early adopters and dealers	Build awareness and interest in the mass market	Stress brand differences and benefits and encourage brand switching	Reduce to minimal level needed to retain hard – core loyalists

Adapted from: Marketing Management by Philip Kotler and Kevin Lane Keller, 15th Edition, Pearson Education, 2016



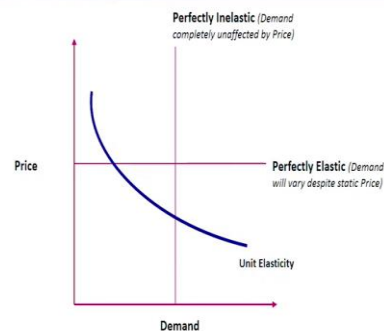
These are some of the characters of product lifecycle, again, I would urge you to go through these aspects at your leisure.

(Refer Slide Time: 35:20)

## Price Elasticity of Demand



The concept of price elasticity of demand describes the elasticity of demand (higher or lower) to the price (lower or higher) corresponding.



The nature of price elasticity curve varies depending upon the nature of product and structure of the industry. Typically, price elasticity works in a range for each product-industry situation.

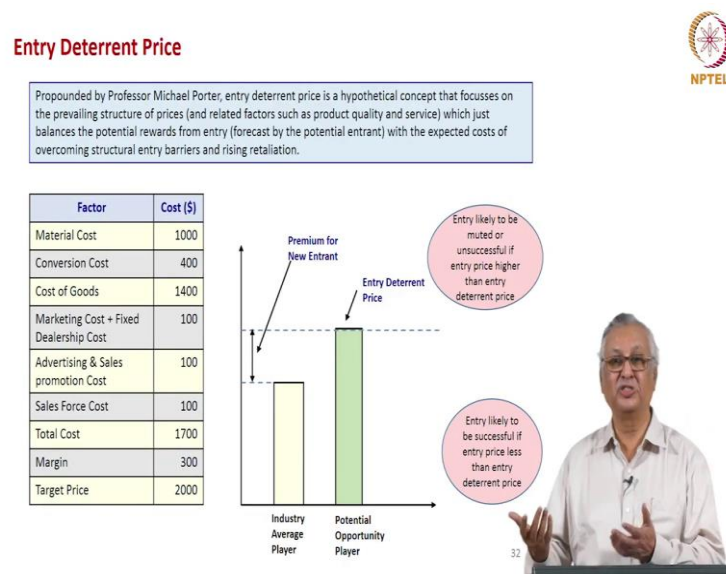


Another important concept is the price elasticity. There are two types of products, where the demand just does not get changed in respect of the price, that product is extremely important. For example, automotive fuel, if you need to move whether the price is seventy rupees per litre or seven hundred rupees per litre. You would need that so the demand is fairly inelastic. On the other hand, there could be a demand which could vary irrespective of the price.

The demand could be varying irrespective of the price changing, it again depends on the purchasing power which is made available. If there are more people who wanting to have, let's say, bread on a particular day because certain other alternatives are not available, even if the price is held the same, the demand would increase. Therefore, they are perfectly elastic products, they are inelastic products but in general the curve is that the lower the price, the higher the demand.

Except in some exceptions where there is a perception that if price is low, the quality is poor. Therefore, the demand could even come down, taking away such exceptions, such paradoxes, the truth is that, if you are more competitive in terms of price, the demand is likely to be higher. Again, this price elasticity of curve, how sharply the curve would move depends on the context of the industry, context of the product.

(Refer Slide Time: 36:49)



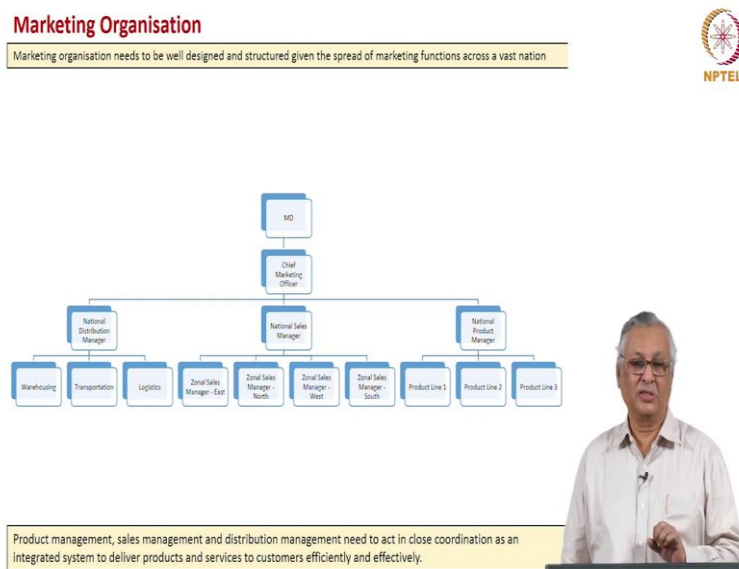
Price being so important, we also have in strategy the concept of entry deterrent price, which has been formulated by Professor Michael Porter. It talks about the price at which a new product can be introduced into the market. Let us say you have an industry average player at an x amount of price and you have a potential opportunity player which could come with the price that is relevant, commensurate with the premium features that are being offered.

If the price is higher than that, it is unlikely that the entry will be welcomed and even if the entry is possible, it could be a muted entry. On the other hand, if the pricing is below the entry deterrent price, it is quite possible that the product could be lapped up. And how does

the price get calculated? These are the components of price, you have the material cost, the conversion cost which together give you the cost of goods.

Then you have got several marketing expenses, marketing cost, fixed dealership cost, then you have ASP, advertising and sales promotion cost, then you have the direct sales force cost and you arrive at total cost and you may choose to have a particular margin and therefore, there is a target price. So, it is important when you start this marketing exercise, you understand the cost of products and potential price possibility very clearly. Look at what the industry could accept in terms of entry deterrent price and then look at the overall market penetration strategy.

(Refer Slide Time: 38:12)



And finally marketing being such a diffused and diverse activity, the marketing organisation typically tends to be one of the largest pieces of organisation, either it is FMCG or it is pharmaceuticals or white goods, you define that marketing organisation is one of the largest in terms of the skillsets as well as in terms of this specialisation. Typically, you would have a chief marketing officer reporting to the managing director and three verticals would be there.

One is dealing with the distribution including all these act aspects of good transportation logistics, etcetera, warehousing also. Then you have national sales which is again the geographically, zonally divided and you have product management which looks at all of these aspects of packaging, designing, market research, communication, customer relationship management, product positioning, etcetera. And these typically tend to be with reference to different product lines.

So, when you look at the review of marketing strategy, in its both expands as well as depth as I could do in the short frame of time, you realise how important structured marketing strategy is for a company to be able to convert all the good work done, either as an established company or as a start-up in terms of a novel product or a service into actual realisable sale which provides good commercialisation opportunity and growth opportunity for the company.