CHAPTER 2: REVIEW OF LITERATURE
2.1 INTRODUCTION TO MARKETING

INTRODUCTION:
Marketing is as old as mankind. Educational Institutions trying to attract students, actors promoting films, politicians seeking votes, Insurance agents selling new policies are examples of marketing in practice. Business need to practice marketing for achieving growth and generating profits to survive. Marketing is the process of finding consumer needs and serving those needs profitably. Thus customer is the heart of marketing activities. Marketing people is involved in Marketing 10 types of entities: - goods, services, experiences, events, persons, places, properties, organizations, information and ideas.

DEFINITION OF MARKETING: -

Some definitions of marketing are: -

“Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals.”

---American Marketing Association

“Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products of services and of value with others.”

---Philip Kotler

CORE MARKETING CONCEPTS:-

Needs, wants & demands:-
Needs are basic human requirements. We need food, air, water, clothing and shelter to survive. People also have strong need for recreation, education and entertainment. Wants are needs directed towards specific objects- e.g. A South Indian needs food but wants Idlis, Dosas & Sambar. A North Indian needs food but wants Rotis, Sabjis etc. Demands are wants for specific products backed by an ability to pay.

Market: - Traditionally, a market was a physical place where buyers and sellers gathered to buy and sell goods. Economists now describe a market as a collection of buyers and sellers who transact over a particular product or product class (the housing market or grain market); but marketers view the sellers as constituting the industry and the buyers as constituting the
market. The term market can also be used to cover various groupings of customers such as need market (the diet seeking market), product market (The shoe market), demographic market (The youth market), and geographic market (The Asian market) or the concept may also be extended to cover other markets such as money market, forward market etc. Depending on the focus of marketer we can classify the markets as consumer markets, e.g. (FMCG markets), Industrial markets i.e. business buyers buying goods in order to make or resell a product to others for profits, non-profit market (organizations like Churches, Non government Organizations involved in social causes etc.) or global (International) market.

**Target markets and Segmentation:**—Market consists of heterogeneous buyers who might prefer or require different product and services. Marketer identifies and profile distinct groups of buyers requiring varying products and services. Market segments can be identified by examining demographic, psychographic and behavioral differences among buyers. The marketer then decides which segments present the greatest opportunity, which are its target markets. For each chosen target market, the firm develops a market offering. (The combination of products, services, information and experiences). The offering is positioned in the minds of the target markets as delivering some central benefits for example, Videocon offers electronic appliances for price-conscious customers; and thus positioned as value for money products.

**Market place, Market space and Meta market:**—

Market place is physical place where buyers and sellers meet e.g. Store; Market space is digital as when one goes shopping on the Internet. Meta market is a cluster of complementary products and services that are closely related to the minds of customers but are spread across diverse set of Industries e.g. the automobile meta market consists of automobile manufacturers, new car and used car dealers, financing companies, Insurance companies, mechanics, spare part dealers, Service shops, auto magazines, classified auto ads in newspapers, auto websites on the internet.

**Value and satisfaction:**—

Value can be defined as a ratio between what customer gets and what he gives. The customer gets benefits and assumes cost. The benefits include functional benefits and emotional benefits. The costs include monetary costs, time costs and psychic costs. The value is given as

\[
Value = \frac{Functional \ Benefits + Emotional \ Benefits}{Monetary \ Costs + Time \ Costs + Energy \ Costs + Psychic \ Costs}
\]

Value can be seen primarily a combination of quality, services & price (QSP), called customer value tried.

**Exchange and Transaction:**—

Exchange is the process of obtaining something from someone by offering something in return. For exchange five conditions must be satisfied:
There are at least two parties.

1. Each party has something that offers value to the other party.
2. Each party is capable of communication and delivery.
3. Each party is free to accept or reject the exchange offer.
4. Each party believes it is appropriate to deal with the other party.

**MARKETING AS A VALUE DELIVERING PROCESS:**

The success of the firm depends upon its ability to deliver better value to the customer than its competitor. Marketing can be seen as the value delivering process. The value creation and delivery sequence can be divided into three phases. The first phase, choosing the value includes segmentation, targeting and positioning i.e. dividing the heterogeneous market into homogeneous segments, identifying target markets and developing offerings value positioning i.e. position the product as delivering central benefits most sought after by target market.

The second phase is providing the value. This involves identifying product features, pricing and distribution. The third phase is communicating the value by utilizing the sales force, sales promotion, advertising, and other communication tools to promote the product. Each of these phases adds cost and provides benefits. Value delivery process begins before there is a product and continues while it is being developed and after it becomes available.

**MARKETING ENVIRONMENT:**

The success of any company is based on well it respond to the changes occurring in the environment it operates.

The Marketing Environment can be defined as all the internal and external forces that influence marketing activities of the firm. The internal environment forces include a firm’s production, financial, personnel, R&D, and company image and other related facilities which are more or less controllable by management.

The external forces can be further divided into **microenvironment** and **macro environment**. The microenvironment consists of the suppliers, customers and marketing intermediaries while the macro environment includes demography, socio-cultural, technological, political, economical and legal environment.

**EXTERNAL MICROENVIRONMENT FACTORS:**

The external microenvironment includes market or consumers, marketing intermediaries and suppliers.

**Market/demand:**

The aspects to be covered here include:
• Nature of the demand
• Size of the demand, present and potential
• Changes taking place in demand
• Invasion of substitute products
• Changes taking place in consumption patterns
The details regarding demand indicate attractiveness of the industry and form basis for entrepreneurial decisions such as entry into the industry, expansions, divestment etc. and decision on marketing strategy.

The Consumers:
The factors regarding the consumer include:

• Consumer tastes and preferences
• Product, core benefits and augmentation desired
• Value perception
• Buying powers, buying habits and motives.
• Personality, life style
• Brand loyalty, motives of customer patronage and tendencies of brand switching.
• Reaction of customers to the companies and competing products etc.
Customer is the focal point of all the marketing activities and company need to gain insight of customer.

Suppliers:
Suppliers play significant role in shaping competition in any industry. They have their own bargaining power in the industry. They influence the cost of raw materials and other inputs to the firm and hence the profits. Suppliers affect the firm’s decision to make or buy. Suppliers also keep changing their products, processes and business practices and sometimes may become direct competitors. Firms need to constantly monitor supplier.

Marketing intermediaries:--
Market intermediaries are the independent business organizations who act as a link and/or facilitators between organizations and its market or customers. These intermediaries include

• The middlemen:--the wholesalers, retailers, agents etc.
• Various facilitators providing services like transportation, warehousing, financing etc., which facilitates exchange process between buyers and sellers.

EXTERNAL MACRO ENVIRONMENT FACTORS:--

Demographic Environment:--

Demography is the study of human population and its distribution such as age, gender, income, education, density, occupation etc. The marketer studies these variables to
understand changing needs of consumers. E.g. the growth in population of working women prompted traditionally Menswear brands like Scullers and Allen Solly to introduce Women’s formal wear.

i) Population:-

The size and composition of population need to be analyzed carefully. The larger population does not necessarily mean bigger market unless it possesses sufficient buying power. Population growth creates problems and generates opportunities to the business organization. The unchecked population growth creates constraints on availability of resources like land, food, water, minerals and causes problems of overcrowding, pollution and overall deterioration in the quality of life of people. The population growth may provide opportunities such as large market and a cheap labor.

ii) Age wise classification:--

Infants: - With an increase in population and average disposable income of people, the expenditure on infants has increased. This created opportunities for marketer of baby products and health care.
Children: -- (School going teens):-- This consumer group provides increasing market for books, clothes, school bags and stationary items.
Youngadults (19-30 years): - The demand for products like vehicles, fast food, designer clothes, jewellery etc.
Adults: - Products and services related to health and security like Pharmaceuticals, nutrition foods, banking attracts this group.
Seniorscitizens: -They provide market for spiritual tours, old age homes, health care packages, insurance products and special products like hearing aids.

Other demographic variables:--

iii) Occupation and literacy: -
These variables will reflect the awareness of the customers, their ability to analyze different marketing offerings and informed decision-making.
The house hold pattern, size of the family and family life cycles will determine the demand for houses, furniture, domestic appliances, packaged food etc.

iv) Location: - The geographical location also influences demand for particular product e.g. the demand for products like inverters has gone up in rural India under influence of power cuts and load shedding. Analysis of demographic variables help marketer in marketing segmentation.

Political & Legal environment:-
Marketing activities and marketing decisions are greatly influenced by development in the political and legal environment. This environment includes form of the Government adopted, stability of the government, government policies, laws, rules & regulations, social and
Religious organizations, government agencies, political ideologies, media and pressure groups that restrict and influence political organizations.

Businesses have to operate within the framework of the prevailing legal environment. They have to understand the implications of all the legal provisions relating to their business. Central and State government regulate business legislation covering areas like corporate affairs, taxation, consumer protection, protection to selected business sectors, protection of society as a whole against unfair business practices, regulations on products, prices & distribution, control on trade practices, protecting domestic firms against the onslaught of foreign firms etc. MNC’s operating in different countries need to understand legal environment prevailing in various countries.

**Economic Environment:**
Economic environment consists of economic policies, economic systems, and economic conditions prevailing in the country. Economic policies consists of export-import policies, industrial policies etc. Economic system includes free market economy, mixed economy etc. Economic conditions include interest rates, inflation rate etc. Marketer need to pay attention to different economic variables as gross domestic product, disposable income and purchase power of different population segments, rate of growth of economy and different sectors, credit availability and interest rate, behavior of capital market, exchange rates, capital rates etc.

Marketer need to know the different stages of business cycle and the stage of cycle economy is currently operating into. The business cycle consists of four stages: -Recovery, Boom, Recession and Depression. Boom is the period of economic growth and firm expands their marketing activities; enter new markets where as recession is a period of economic activity when income, production and employment tend to fall.

In recession, firm look to cut down operating costs, lower prices and in general slowdown marketing activities. The disposable income of the customers and their willingness to spend are important indicators e.g. rising disposable income in middle class segment resulted in increasing demand for branded products. Inflation refers to an increase in prices without a corresponding increase in wages, resulting in lower purchasing power of consumer and thus affecting demands for products and services. Higher interest rates increase cost of capital and overall operating costs. Also, customer will tend to save more due to attractive interest rates. High interest rates adversely affect real estate market and markets for consumer durables sold on installment basis.

**Socio-cultural Environment:**
Socio-cultural environmental factors include culture, traditions, attitudes, norms, values and lifestyles of people. Social factors affect how people live and behave thus deciding customer buying behavior which eventually influences firm’s marketing plans and programs.

**Culture:**
Culture is the combined result of factors like religion, language, education and upbringing. Some cultural values are deep rooted and do not change easily called core-cultural values e.g. faith in marriage. There are also values and practices which may change over the period of
time called secondary values. The cultural shifts carry with them marketing opportunities as well as threats. E.g. Influences of western countries have considerably affected food and clothing habits of Indian customers.

**Social class:**
Any society is composed of different social classes. A social class is determined by income, occupation, location of residents etc. Each class has its own standards with respect to lifestyle, behavior etc. known as class values or class norms. E.g. people belonging to middle class are more prices conscious. Certain changes can be observed in Indian social environment like increasing number of nuclear families, growing awareness about consumer rights, growth in number of working women, concern for environment, and change in attitude towards health and recreation.

Increase in number of working women has caused growth in demand for domestic appliances, ready-to-cook food items, beauty products etc. Increased interest of people in better health and fitness has brought more business for sports goods, fitness centers, and private sports clubs. It has also brought changes in the eating and dieting habits of people. Demand for health foods, health drinks, low calorie diets have gone up. Growing influence of social cultural forces has compelled marketer to embrace societal marketing concept.

**Technological Environment:**
Technology has a very wide impact on all marketing activities. It also has tremendous impact on our life style, consumption pattern and our economic well being. New machines can reduce production costs; the increasing computing and processing capabilities of computers is increasing effectiveness and efficiency of the business. Companies can make better product at lower costs and plan truly global supply chains where manufacturing and warehousing are disbursed throughout the world depending upon cost-effectiveness. The technology has helped marketer in environment analysis and decision making (MIS, Decision support system).

At different times, technology has created new business like automobiles, telephone, railways, computers etc. and today mobile, genetic engineering, nanotechnology etc. E-commerce has provided new opportunities and revolutionized the way marketing activities are carried out. The technology also posses threats to existing business- television has affected radio and film industries, Mobiles have affected Pagers, Internet has hampered print media. The marketer needs to constantly monitor technological changes; opportunities they provide and threats they poses.

**Competitive Environment:**
The Competitive Environment has a major influence on marketing programs of companies. Companies need to constantly assess the competition, anticipate competitive actions and formulate marketing strategies to deal with them. Competitors considerably influence the company’s choice of marketing strategies particularly in relation to selection of target market, suppliers, marketing channels as well as product mix, promotion mix and price mix. Company may face competition at different levels. A company competes with companies offering similar products and services. e.g. Surf and Ariel, Colgate and Pepsodent etc. A company also competes with all other companies offering substitute products or services e.g. land line phones and mobile phones, radio and television. Competition may also rise due
to competitors competing for disposable income of consumers e.g. consumer durable companies competing with Travel and tourism, Healthcare industries competing with vacation homes etc. Company faces competition from domestic as well as international level.

The structure of market determines the level of competition in an industry and hence the marketing strategies. In monopoly, the supply and price of product are completely controlled by one firm and product does not have a close substitute firm operating in this environment can create high entry business. E.g. Railways in India, Oligopoly is characterized by presents of a few players in the market who control the supply of products.

The industry has high entry barrier. The firm’s marketing programs are highly influenced by competitors. E.g. cement industry in India. Monopolistic competition has presence of many firms operating in an industry dividing, market share among them. To increase their share, firm needs to differentiate its market offering from competitors using marketing mix e.g. FMCG Industry in India

Companies like HUL, P&G and Colgate offer various flavors and colors of oral hygiene products to differentiate their products from those of competitors. Pure competition is characterized by a large number of buyers and sellers selling homogeneous product. There is no entry barrier and consumers influence marketing mix. The competitor strategies will aid companies in critically analyzing their own market strategies consequently; they will modify their own market strategies but also formulate new ones that would give them a competitive advantage.

**Natural Environment:**

The ecological balance has been disturbed by the rapid industrialization, higher consumption of fossil fuels, increasing consumerism and rapid urbanization. This has resulted in Ozone layer depletion, global warming and various other problems. The components of natural environment are:

- **Natural resources:**

  Companies use natural resources for production of goods and services. However natural resources are not unlimited and have to be used judiciously. The depletion of natural resources poises major threats to the industries. Shortages of minerals like oil, coal etc. have increased cost of energy and forced the companies to search for alternative forms of energy such as Solar, nuclear, wind etc.

- **Weather:**

  Demands for products also depends upon the climatic conditions for example demand for woolen wear is higher in north India due to long and severe winter compare to South India. Certain climatic conditions are also conducive for particular industries e.g. hot and humid climate of Mumbai was responsible for prospering Textile industries.

- **Pollution:**

  With industrialization, there is significant increase in pollution in environment. The soil,
air and water pollutions created by chemicals and pesticides industries have already damaged soil fertility and food supply. The non-biodegradable packaging materials like plastics; bottles etc are major area of concern. Companies are looking for eco-friendly products like recycled paper and jute bags.

- **Environmental Laws:-**

  National governments are forming various legislation to safeguard and protect environment e.g. environment protection act, wild life protection act, mandatory PUC checks for vehicles, ISO standards are examples of such steps. Marketer must be aware about various environment laws and concern for environment should be reflected in marketing plans and programs.

2.1.1 CONSUMER BEHAVIOUR

**Introduction:-**

The aim of marketing is to meet and satisfy target consumer’s needs and wants. The field of Consumer Behavior studies how individuals, groups and organizations select, buy, use and dispose of goods, services, ideas, or experiences to satisfy their needs and desires. Predicting consumer behavior and knowing customers is a difficult task. Customers may say something but do another.

Organizations and marketing managers need to understand the secrets behind consumer behavior and develop mechanism to measure them also. The marketer should identify and map consumer’s behavior and then try to develop marketing strategy to satisfy customers and retain them for longer period of time.

The ultimate objective of any business is to earn profit by satisfying and retaining customers. This is easier said than done. This is because consumer’s need evaluation is a dynamic process and what consumer states as a need or want may not guide him to make the expected purchase decision.

The consumer’s buying behavior is influenced by cultural, social, personal, and psychological factors. Cultural factors exert the broadest and deepest influence. Sometimes even consumer may not be aware about his deeper motivations and the reason ‘why’ of buying and may change his mind.

In spite of such diversities among consumers there are many similarities in their behavioral pattern. Results from such studies will help marketer to proactively design a marketing offer which consumer is likely to ask.
MEANING: -
The term ‘Consumer Behavior’ refers to the study of how individuals make decisions to spend their available resources on consumption related items.

Studying customers provide clues for developing new products, product features, prices, channels, messages, and other marketing-mix elements.

DEFINITION: -

“Consumer Behavior is the process and physical activity individuals engage in when evaluating, acquiring, using, and disposing of goods and services.”

:Louden-Dellabitta

Consumer Behavior refers to the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Study of Consumer Behavior is the study of how individuals make decisions to spend their available resources like time, money and effort on consumption related items.

: Schiffman and Kanuck

In order to survive and grow the organization has to delight the customers. Consumers will be delighted if they get more than what they expect. Study of consumer behavior helps in knowing their expectations and the sacrifices they are ready to make in order to fulfill those expectations.

Study of consumer behavior assumes that consumers are actors in the market place. Consumers play various roles in the market place. Starting from information provider to consumer, from user to payer and to disposer, consumers play roles in the decision process. Different people play different roles in different stages of purchase. A purchaser or customer may not be the same person for example a person who purchases a product for the family may not be the consumer of the product.

Consumers may take the form of an organization or group. Decisions by organizations and groups can be studied as organizational buying behavior or group buying behavior. An enterprise-oriented decision making is organizational buying behavior, family behavior can be termed as group buying behavior.

It is important to know how a consumer makes his decision regarding buying, or not buying any product, service, idea, concept or thought.
The Stimulus Response Model of Consumer Decision Making: The starting point of developing understanding of consumer decision process is stimulus response model. This model is also known as Input-Processing-Output model. The consumer decision process is a series of activities and steps of decision making leading to a purchase function. It represents a problem-solving approach. This is the simplest model to explain the consumer decision process. The mechanism is the same as in any processing activity in which there are three factors namely inputs, processing, and outputs. The inputs in the form of product, price, and place and promotion mix of marketing programs are fed into the consumer information processing box and it leads to a set of outputs.

FIGURE 3.1 INPUT AND OUTPUT FACTORS

All the models related to this treat the consumer as decision-maker who comes to the market place to solve his consumption problems and to achieve the satisfaction of his needs. Input is a set of stimulus factors that the consumer receives in the market. It is provided by two sets of stimulus variables, namely, the firm’s marketing efforts and the environment. The firm’s marketing efforts are designed to positively expose, inform and influence consumers. These efforts include product/service itself, advertising, price strategies, distribution network and in fact all marketing functions. The environment consists of Economic; technological, political and social factors. The social factors serve as a non-commercial source of consumer information and influence, which is not under the direct control of the firm. It includes reference groups and individuals, members of the family, social class and castes, culture, and the like. Both these stimuli variables influence consumers and their buying process. Consumer receives the input factors and process input information through a deep psychological process of information processing, evaluation of alternative information inputs, comparison of each input’s attributes with the expected consumer benefits that leads to them to finally take a decision. Decision is a mental rule used in favor of arriving at a solution to a
confronting consumption problem. Due to the ability of capturing, analyzing, retrieving and using a mental rule to arrive at a decision, consumer’s mind is called a black box.

The consumer decision making process is affected by cultural, social, personal and psychological factors.

The output factors are the end result of the processing stage. These can be in the form of creating positive word of mouth among potential consumers, leading to a trial of the brand for every purchase situation. The effectiveness of marketing program is evaluated by measuring the output results.

**The buying decision process:-**
Marketer needs to develop an understanding of how consumer actually makes the buying decisions. He must identify who makes the buying decision, the types of buying decisions; and steps in the buying process.

**Buying Roles:-**
The following are the roles played by the people in consumer decision making process.

- **Initiator**: - The person who suggests the idea of buying the product or services.
- **Influencer**: - The person who influence buying decision through his opinion or advice.
- **Decider**: - The person who decides on any component of a buying decision: Whether to buy, what to buy, Where to buy, or how to buy.
- **Buyer**: - The person who makes the actual purchase.
- **User**: - The person who consumes or uses the product or service.

**Types of Buying behavior:-**
Four types of buying behavior can be identifies based on the degree of buyer involvement and the degree of difference among buyers.

### FIGURE 2.2 BUYING BEHAVIOUR

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<thead>
<tr>
<th>Significant Differences Between Brands</th>
<th>High Involvement</th>
<th>Low Involvement</th>
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<tbody>
<tr>
<td>Complex Buying Behavior</td>
<td>Variety Seeking Buying Behavior</td>
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<td>Dissonance Reducing Buying Behavior</td>
<td>Habitual Buying Behavior</td>
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<td>Few Differences Between Brands</td>
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Complex Buying Behavior:-

The consumer displays complex buying behavior when he is highly involved in the purchase of the product and can observe significant differences among brands. Complex buying behavior involves three steps: - First, the buyer develops belief about the product. Second, he develops attitudes about the product and third, he makes the thoughtful choice. The complex buying behavior is exhibited in case of expensive, infrequent, risky and highly self expressive like automobiles.

The marketer of a high involvement product must understand consumer’s information gathering and evaluation behavior. The marketer needs to develop strategies that help buyer in learning about product’s features and their relative importance, and positioning of company brand on more important attributes. The marketer must judiciously use promotions to communicate brand benefits.

Dissonance Reducing Buying Behavior:-

Sometimes consumer is highly involved in the purchase but sees little difference in brands. The high involvement is based on the facts the purchase is expensive, infrequent, and/or risky. In this case, buyer will shop around to learn what is available. If the consumer finds little difference, he may buy on the basis of price or convenience.

After the purchase, the buyer may notice certain undesirable features or below expectation experience or may hear favorable views about other brands. In this case consumer is likely to experience dissonance. Dissonance is a state of consumer’s mind when he experiences a gap between an expected performance and a real performance of the product. Consumer will then collects favorable information about his purchases and develop positive beliefs about his choice which will reduce dissonance.

Variety Seeking Buying Behavior: -

Some times the consumer shows a low involvement behavior but there is a significant brand difference. Consumers show a high level of brand switching behavior. Consumers buy chocolates without considering any such variable and for no reason switch brands to test the variety in the market. The brand switching tendency is not due to dissatisfaction but due to need for variety.

Habitual Buying Behavior:-

Many products are purchased with low involvement and without perception of differences among different brands available. E.g. Salt. Consumer shows low involvement in case of low cost, frequently purchased products. The consumer decision making is based on brand familiarity rather than brand conviction. The price, convenience or point of sale offer would play decisive role in buying. Marketer would often induce product trial in such types of products. The consumers usually do not evaluate the post purchase performance of such products.
Stages In Buying Decision Process:-

Consumers pass through different stages during buying process. Marketer would learn about the stages of buying process through four methods.

1. Introspective method: - They can about how they themselves would act for purchasing.
2. Retrospective method: - They can interview recent buyers to collect information about buying process.
3. Prospective method: - They can locate prospective customers and ask them the process they are going through and their action in future.
4. Prescriptive Method: - They can ask customers to describe the ideal way to buy the product.

Generally buying decision process can be divided in to five stages: - Problem Recognition, Information Search, Evaluation of Alternatives, Purchase Decision and Post Purchase Evaluation. All consumers may not go through all of the five stages. E.g. Purchaser of low involvement product would not go through all the stages. However, Buyer of high involvement products would pass through all the stages.

FIGURE 2.3 FIVE STAGE MODEL OF BUYER BEHAVIOUR

Identify the problem:-

The buying process starts when the buyer feels a problem or need. The need can be triggered by internal or external stimuli. E.g. A person may feel hungry internally or may be sight of sumptuous meal or a smell of delicious food act as an external stimulus to arouse want of food in him. Marketer try to stimulate the needs and help people identify these needs by intelligent use of market offering such as product, packaging, pricing or promotions.

1) Information Search:
A customer who realizes his need for the product will try to gather information regarding the product. Information search helps customer to understand the product better and also create awareness about competing brands. Past purchase experiences will reduce the time required for information search. The information can be gathered from several sources like:-
• Personal Sources: - Family, Friend, Neighbors, acquaintances.
• Commercial Sources: - Advertising, Salespersons, Dealers, packaging, displays.
• Public Sources: - Mass media, Research organizations.
• Experiential Factors: - Past experiences, free trials.

Generally, customer receives the most information from commercial sources. However, the most effective information comes from personal sources. As the customer gathers more and more information, his awareness level about the product and competing brands and their features will increase. The marketer must identify relative importance of different information sources which will help in designing effective marketing communication.

2) Evaluation of Alternatives: -
In this stage, customer analyses the information available with him to select the right product or brand. The criteria to evaluate a product may differ depending on buying situation, level of involvement etc. The evaluation is based on rational and conscious thinking as well as mental processes such as perceptions, attitudes, predispositions etc.

During this stage customer assigns relative importance to different attributes of the brand or product on the basis of accumulated information and draw conclusions about their relative potential to satisfy his desired needs. By developing understanding about how customer evaluates the product, the marketer can improve or develop the product and segment the market on the basis of product attributes. The communication mix can be designed to prominently highlight those benefits which are most sought after by the target markets.
Evaluation leads to formation of buying intention that can be either to purchase or reject the product or brand.

3) Purchase Decision:-
Purchase intention may lead to purchase decision. There are three factors which intervene between buying intentions leading to buying decision: a) attitudes of others such as spouse, friends and relatives. Intensity of negative attitude and buyer’s tendency to comply with this attitude are the most significant contributor. b) An anticipated situational factors such as family income, cost of buying and expected benefits of the product and c) an unanticipated situational factors like accidents, sickness etc.

Purchase decision involves five sub decisions: a brand decision (what to buy?), vendor decision (Where to buy?), quantity decision (How much to buy?), Quality decision, timing decision (When to buy?) and payment decision (Cash payment or credit payment).

Purchase is consumer commitment for a product. This stage completes the transaction.
4) **Post Purchase Behavior**
After purchasing and consumption, customer will experience some level of satisfaction. If the performance of the product meets his expectations, he will be satisfied. If performance of the product exceeds his expectations, he will be delighted and if it falls below his expectations he is dissatisfied. Post purchase behavior refers to the behavior of the consumer after the purchase and it depend upon customer’s experiences of using the products and degree of satisfaction. A satisfied customer may involve in repeat purchases. However, the delightful customer becomes a brand advocate spreading positive image of the brand. A dissatisfied customer not only abstains from repeat purchasing but may also bad mouth the product or brand. Post purchase behavior also includes learning about the ways product is used and disposed. The study may reveal new usage of the product or threats caused to environment by wrong disposals. It may also help customer to design marketing mix. E.g. Company may develop eco friendly packages or buy back schemes to improve on sales of new product. The company may also launch refillable packs.

**Factors influencing Consumer Behavior**

The consumer decision process explains the internal process as well as individual behavior for making product or service decisions. The consumption process is influenced by external factors like cultural, social, personal, and psychological factors.

**Influence of Cultural Factors:**
Culture, subculture and social class are particularly important in buying behavior.

**Culture:** - Culture is the fundamental determinant of a person’s wants and behavior. Culture refers to the traditions, taboos, values and basic attitudes of the whole society within which an individual lives. The growing child acquires a set of values, perceptions, preferences, and behaviors through his or her family and other key institutions. E.g. A child growing up in India is exposed to the values like tolerance, Equality, Sacrifice, love for the family, respect for the elders and guru etc. Culture teaches an individual the acceptable norms of behavior and tells him the right or wrongs. Cultural values affect how the business is conducted. Culture also affects consumption behavior. Culture influences can be seen in the food habits and dressing style of people. It also influences communication, attitudes and values that influence consumption patterns. Culture influences are highly conspicuous in communication messages. Use of colors, symbols, and language and message sources reflect culture. The main aim behind it could be to tune their messages according to the cultural specifications of various regions that they operate in. Culture values are passed on from one generation to the next.

**Subculture:** - Each culture consists of smaller subcultures that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, and geographic regions. When subcultures grow large and affluent enough, companies design specialized marketing programs to serve them. Such programs are known as diversity.
marketing. E.g. In diverse country like India, people from different region show distinct difference in their food habits and clothing styles. Also the consumption pattern is also affected by religious diversity.

**Social Class:-**

Social class refers to the hierarchical arrangements of the society into various divisions, each of which signifies social status or standing. Social class is an important determinant of consumer behavior as it affects consumption patterns, lifestyle, media patterns, activities and interests of the consumers.

Social classes not only reflect income, but other indicators such as occupation, education, area of residence. E.g. two consumers earning the same income may differ considerably in lifestyle when one has professional qualification at the post of graduate level and is employed at the senior management cadre of multinational, while the other is self employed, with education confined to a few years of schooling. Social classes differ in many characteristics. Social classes show distinct product and brand preferences in many areas including their lifestyles, they differ in media preferences, and there are also language differences among the social classes.

In addition to the cultural and social factors, a consumer’s behavior is also influenced by factors such as reference groups, family, and social roles and status.

**Reference Groups: -**

An individual’s attitude, value and behavior are influenced by different groups. These groups are called reference groups and they have direct or indirect influence on the individual. Buying behavior of consumers is largely influenced by the reference group to which they belong or aspire to belong. Reference groups are of two types:

**Primary Reference Group:**

This group is further divided into four subgroups namely (a) Membership reference group: This is the group to which a person holds membership and has frequent interactions with other members of group. He comes in regular and informal contact with the members of this group and is directly influenced by them. (b)Aspiration reference group: This is the group to which the individual does not hold any membership but desires to belong to that group. He tries to copy the attitudes and behavior, including buying behavior of the members of the group. (c) Disclaiming reference group: This is a group to which an individual holds a membership but does not want to belong to and therefore, all his actions would be opposed to that of the group. He tries not to be influenced by the attitudes, values and behavior of the members of this group. (d) Avoidance group: This is the reference group to which an individual does not hold any membership. He tries to resent the values and beliefs of such a group.
Secondary Reference Group:-

Secondary groups include religious groups, professional associations and trade unions with which the interaction of customer is formal and infrequent. Every reference group has its own set of opinion leaders. Opinion leaders are perceived as people with special skills, knowledge, personality etc. Opinion leaders influence actions or attitudes of others informally. Marketers should identify the opinion leaders of their target group for specific product/s and then they should target their marketing efforts towards these role models. The marketer can use the opinion leader to communicate the message through its promotion and advertising campaigns.

Family:

A family is defined as two or more persons related by blood, marriage or adoption and reside together. A family is a small reference group but it is prominent in influencing consumer behavior. Families go through various stages of lifecycle, each stage creates different demands for different products and buying behavior of the members is greatly influenced by the stage of the family lifecycle. E.g Consumer demands of a bachelor are different from those of a newly married couple.

Members of a family exert a strong influence on the buying decision. The husband, the wife, and the children play different roles while purchasing expensive products and services and these roles vary from country to country. E.g. the major buying decisions in Indian family are taken by the parents. Joint decisions are taken by the husband and wife for purchasing expensive products and services. Therefore marketers should be interested in the roles played by the members and the relative influence each member exerts on the buying decisions. Marketer tries to adjust their marketing mix to influence the decision of the decision maker in the family.

Personal Factors: -

There are different personal factors, which affect the buying decision process. These factors, such as the age, sex, lifecycle stage, occupation, economic conditions, personality, etc. are unique to everyone.

Age and lifecycle stage: -

Changes in the society have led to the creation of different categories like couples marrying late in life, childless couples, single parents, etc., besides the traditional lifecycle stages which included young singles, married couples and lone survivors. Over the lifecycle stages, people use different products and their demand for goods and services keep changing. People at different ages will have different tastes on food, clothes, furniture and recreation. Hence marketers should determine the needs of their target markets and introduce different products and marketing efforts targeted at different stages.

Occupation and financial status: -

Occupation and income level of a person have a major impact on his savings and buying behavior. E.g. A blue collar worker will indulge more in purchasing clothes, shoes, etc.,
which he can wear to work. Similarly, a company’s chairman may buy clothes, accessories, and other products and services that suit his lifestyle. The financial condition of an individual such as his disposable income, savings, his ability to buy costly products and services on installments and bear the interest rates, etc. will have significant influence on his buying behavior.

**Lifestyle:**
An individual’s way of leading his life will determine his lifestyle. Factors such as work life, interests, social groups, etc. influence the lifestyle of an individual.

**Psychological Factors:**
Psychological factors that influence consumer buyer behavior are motivation, perception, attitude and learning.

**Motivation:** A motive is a strong urge that drives a person’s activities towards unfulfilled needs and wants. Consumers are influenced by a motive or a set of motives when they have unfulfilled needs. Needs are the motivational elements behind the purchasing behavior of the customers. One of the most widely known theory, hierarchy of needs, was proposed by Abraham Maslow explains why people are driven by particular needs at a particular times. According to Maslow needs are classified as shown in the following hierarchy.

(a) Physiological needs
(b) Security needs
(c) Social needs and esteem needs
(d) Self actualization needs.

Consumers tend to satisfy their needs on the basis of the intensity or requirement of the needs. For example, physiological need is the most basic need and hence, an individual would satisfy it first. Satisfaction of one need leads to emergence of higher level unfulfilled needs. Needs are general in nature but wants arise out of the desire to fulfill the needs in a specific way. For example, food can be classified as a need but eating a particular dish or at a particular food joint are a want. Wants that are conditioned by certain motives are known as buying motives. Marketers must work to create these wants in the customers and target/position their product in such a way as to invoke desire in the customer to fulfill these wants. Perceptions: Perception is defined as the process by which an individual selects, organizes and interprets stimuli into meaningful thoughts and pictures. Customers base their perception on their needs, wants, past experiences and something that they consider to be true. For example, a subscriber/reader who read a particular newspaper or journal might perceive it to give the true picture of the happenings around him. Perceptions of a person are affected by many factors like reality, sense, risk, etc.

- Customers perceive their environment through the sense of touch, smell, taste, hearing, etc.
- Customer’s buying decisions are also influenced by the risk factor involved. For example, does the customer perceive the product to be safe, does he find it worth in spending the
time shopping, and does he think that the price is worth the amount paid for? Marketers can address these problems through appropriate marketing communication strategies.

- Understanding the customer’s perception helps the marketer position their product better than that of the competitors, it helps them develop the right store image, product quality, price, distribution channel etc.

Hence marketers must make an effort to understand the perceptions of the customers and adjust their marketing mix accordingly.

**Beliefs and Attitude:**

A belief is a descriptive image or thought that an individual holds about something. People acquire beliefs and attitudes through experience as well as learning. The beliefs and attitudes held by people, in turn, influence their buying behavior.

A person’s attitude is a set of his feelings and the way in which he reacts to a given idea or thought. Attitudes can be positive, negative or neutral. Customer attitudes are based on their past experiences with the products and through their interaction and relationship with their respective reference groups. Customer’s attitude can have a major impact on a firm’s marketing efforts. For example, a customer with a negative attitude towards a company or its product, does not only stop purchasing the product but is likely to influence, by appealing, his reference group to refrain from buying the same.

### 2.1.2 PRODUCT AND BRAND MANAGEMENT

**PRODUCT:**

A product is tangible offering from the marketer which delivers benefits and value to the consumer. A product is anything that can be offered to the market to satisfy need or a want of consumer. Product is the key element in the market offering. Marketing mix planning begins with formulating an offering to meet target customers needs or wants. The customer will judge the product on the basis of three basic elements: - product attributes and Quality; services offered and quality of service, and price. All three elements must be put together to design competitively attractive offering.

**PRODUCT LEVELS:-**
The marketer should think product at five different levels. Each level adds more customer value. The different product levels are:-

- **Core Product:** - This is fundamental service or benefit for which a product is purchased. E.g. a car is purchased for convenience in travelling. A mobile is purchased for communication.
- **Tangible Product:** - Tangible product includes product features, color, design, style, quality, size, weight and durability etc. e.g. mobile phone attributes at tangible level are size, color, shape, camera, screen, keypad etc.
- **Expected product:** - The expected product includes a set of attributes and conditions buyers normally expect when they purchase the product. Thus, mobile phone purchaser would expect clarity in voice, better resolution in camera, ease of handling keypad etc.
- **Augmented Product:** - The augmented product includes associated services like warranty, guarantee, after sales service, user training and support etc. which help product to deliver benefits beyond customer expectations leading to customer delight. E.g. Mobile phone with a warranty of a year.
- **Potential Product:** - The potential product includes all the possible augmentations and transformations the product might undergo in future. The marketer may look to add new ways for satisfying customer. E.g. Mobile handset evolved over a period of time to include features like camera, FM radio and with additional processing power may soon be used for net meetings etc.

**CLASSIFICATION OF PRODUCTS:-**

**Classification On The Basis Of Durability and Tangibility:-**

Products can be classified into three groups according to nondurable goods, durable goods and services.

- **Nondurable goods** are tangible goods normally consumed in one or few uses. E.g. soap, juice. These goods are purchased quickly and consumed frequently, the appropriate strategy is to make them available in many locations, price competitively and promote aggressively through advertising and sales promotions.
- **Durable goods** are tangible goods that normally can be used for many years. E.g. refrigerator, Computer and clothing. Durable products normally require more personal selling and service, sold at a higher margin and often backed by guarantee and warranty programs.
- **Services** are intangible, inseparable, variable, and perishable products. They normally require more quality control, supplier credibility and adaptability. Examples are gymnasium, repairs etc.

**Consumer Goods Classification:-**

Consumer goods are classified on the basis of shopping habits. They are classified as Convenience, shopping, specialty, and unsought goods.
• **Convenience goods** are those customer usually purchases frequently, immediately, and with a minimum of efforts. Examples include toiletries, soaps, newspapers etc. Convenience goods are further divided as -
  - **Staples goods** are purchased on a regular basis with a habitual buying behavior. E.g. soaps, toothpaste.
  - **Impulse goods** are purchased without any planning or search effort. E.g. Ice creams or magazines
  - **Emergency goods** are purchased on urgent basis. E.g. umbrellas during rainstorms, antiseptic creams like Burnol, on the shelf drugs like Anacin.

• **Shopping Goods** are those that the customer purchases by undergoing a comparative process of selection and purchase on such bases as price, suitability, quality and style. Examples include furniture, used cars, mobiles, computers etc. Shopping goods can be further classified as –
  - **Homogeneous shopping goods** where goods are similar in quality but distinctly different in pricing.
  - **Heterogeneous shopping goods** where goods are distinctly different in their attributes and services

• **Specialty Goods** have unique characteristics for which a sufficient number of buyers are willing to make special purchasing efforts. Examples include cars, gold ornaments, home theatres, lap tops etc. the specialty goods buyer is willing to spend more time and effort while purchasing.

• **Unsought Goods** are those the consumers do not know about or does not normally think about buying, like smoke detectors, surveillance equipments, insurance policies etc.

**Industrial Goods Classification:**

Industrial goods are classified on the basis of their participation in production process and their relative costliness. They are classified as materials and parts, capital items, and supplies and business services.

**Materials and Parts:** - These are products that enter manufacturers’ product completely. They are of two types namely raw materials and manufactured materials and component parts. Raw materials can be farm products like maize, rice, cotton, fruits, starch etc or natural products like iron ore, fish, crude petroleum, gas and minerals etc. Farm products are reproducible. The natural products are often limited and available in great bulk and low unit value. Manufactured materials can be classified as component materials like iron, steel, zinc and component parts like motors, integrated circuits. The component materials are further fabricated like alumina from aluminum, cloth from yarn etc. Components enter the final product without being changed or modified e.g. chip in computer, tyres in motor car, CRT in television etc.
**Capital items:** These are long lasting goods that facilitate developing or managing the finished products. They include two groups: installations and equipment. Example of installations includes offices, buildings, and shades, Shop floors etc. and heavy equipment like earthmovers, trucks, drillers, servers. Equipment include hand tools and office equipment like printer, personal computer etc.

**Supplies and Business services:** - These are short term goods and services that facilitate managing and developing the finished products. They can be two kinds like repair and maintenance items and operating supplies. Maintenance supplies include painting; brooms etc. and operating supplies include lubricants, coal, computer papers, ribbons etc.

Business services include maintenance and repair services like computer annual maintenance and business advisor services like legal, management consultancy, and advertising.

**PRODUCT MIX:-**

Product mix (or product assortment) is the set of all the products and items the particular seller offered for sale. Product mix consists of various product lines. **Product line** is a group of products that are closely related either because they satisfy a class of needs, or used together, or pushed through same distribution channels or fall within same price range. E.g HLL product lines include detergents, hair care products, beverages, cosmetics etc. A product line has different product items. A **Product item** is a specific version of a product. E.g. Bathing soaps from HLL include product items such as Lifebuoy, Liril, Lux, Hamam, Pears etc. A company’s product mix has a certain width, length, depth and consistency.

- **Width:** - The width of the product mix refers to how many different product line companies carry. E.g. Sony carries product lines such as televisions, walkman, camera etc.

- **Length:** - The length refers to the total number of items produced by company in a product mix.

- **Depth:** - the depth refers to how many variants are offered in each product in the product line. E.g. HLL offers ten variants in shampoo.

- **Consistency:**- The consistency refers to how closely related product lines are in terms of end use, production requirements, distribution channels or some other way. E.g. All the product lines offered by Johnson and Johnson are related to the health of infants or toddlers. Hence their product lines are consistent where as Wipro technologies are into computer software, consultancies as well as hair care products showing inconsistent product lines.
PRODUCT MIX DECISIONS:-

Company uses several strategies to manage their product mix effectively. Major product mix strategies are:-

**Expansion of product mix**: - An organization may opt to expand its existing product mix by adding new product lines and/or increasing depth within the line. New product lines may be related or unrelated to the existing business.

**Contraction of product mix**: - Companies may remove unprofitable product lines or may drop certain products within the lines to save cost and reap benefits from the remaining.

**Altering Existing products**: - An organization may add new features in existing products through designing or use creative packaging. This is less risky than introducing new product line or adding new products. E.g. Tetra packs have made handling of products easy. Colgate toothpaste in Rs. 10/- Pack launched recently.

**Positioning the product**: - The marketer may find new uses of existing product and/or change product positioning. E.g. Cadbury celebrations positioned as sweets for all occasions.

**Trading Up and Trading Down**: -

**Trading up** is addition of higher priced, prestige products to the existing lines in an effort to increase sales of their low priced products and enhance company’s image. E.g. Lifestyle introduced imported artificial flowers, pots and pans and cutlery and other crystal ware in the merchandise to attract high income customers and enhance store image. Marketer who uses trading up strategy may 1) Continue to depend on low priced, old product for the bulk of their sales and promote old products heavily or 2) Gradually shift their promotion emphasis on the new products, wait till the new product’s sales volume increases reasonably and then drop old, low priced products.

**Trading down** is addition of low priced items to the existing lines of specialty products. Trading down is used in order to provide a new product to customer who cannot afford the original product. E.g. LG electronics introduced low priced television which was named SAMPOORNA’ to cater to Indian rural markets. McDonald has introduced McAloo Tikki in Rs. 20/-

PRODUCT LINE DECISIONS:-

A marketer need to know the sales and profits of each item in product lines to decide which items to build, maintain, harvest or divest. They also need to understand market profile of each product line i.e. how the product line is positioned against competitors’ product lines. After analyzing product line marketer needs to take decisions regarding the length of the product line, its modernization and pruning.

**Product Line Length**: - Product line can be considered too long if profits can be made by dropping few products from product line and it is considered too short if profits can be
increased by addition of new products in the product line. The marketer had to constantly monitor his product line and competitors reaction to any alterations in the product line. The length of the product line is affected by company objectives, need for satisfying more consumers, aim for higher market share. The product line tends to grow over a period of time due to pressures from customers, intermediaries and competitors.

The product line can be increased in two ways: - 1) Line Stretching and 2) Line filling.

- **Line stretching**: - Line stretching refers to addition of products in the product line. The company may stretch its product line in up market, down market or both the ways.
  - A company stretches its product line downwards when it’s positioned in the middle market and it wants to introduce the products at a lower price. Reasons for stretching downward may be 1) stagnated or declining middle market 2) potential growth in the down market and 3) effort to tie up with the lower end competitor moving in upward market.
  - A company stretches its product line upwards when it wishes to enter higher markets. The firm introduces high end, costly products in the product line. The objectives of the firm may be to have higher growth, increase in its margin or larger coverage of the market.
  - A company may stretch its product line in both the ways to capture upper as well as lower market.

- **Line filling**: - Line filling refers to the addition of products within the same range in the existing product line. Marketer may opt for Line filling i) to get incremental profits ii) to satisfy needs of the customers iii) to utilize the excess production capacity. And iv) to keep away the competitors.

- **Product Line Modernization**: - Company work towards modernizing the existing products by using latest technology and adding innovative features. They continuously work towards improvement of the product and encourage customers to buy products that are priced higher and yield better value. The firm faces a dilemma regards to timing in launching this new product. An early launch may adversely affect the sale of existing products and late entry may see presence of competitors who have copied the products and entered the market.

- **Line Pruning**: - Product line may carry products which are not generating any profits and hence do not add to the overall profitability. Such products may eat up company’s resources which could have been used elsewhere like R & D, manufacturing, new product development etc. Managers must identify such products and get rid of them.
NEW PRODUCT:-

A company can add new products through acquisition or development. The company can buy other companies, it can acquire patents from other companies or it can buy license or franchise from other company. The company can also develop new product on their own or contract independent researcher or new product development firms. Booz, Allen, and Hamilton identified six categories of new products:-

1. **New to the world products**: - New products created entirely for new markets.

2. **New Product Lines**: - New product lines help companies to enter in an established market.

3. **Additions to the existing Product lines**: - New variants are added to the existing product lines.

4. **Improvement and revisions of existing products**: - New products that provide improved performance or greater perceived value and replace existing products.

5. **Repositioning**: - Existing products that are targeted to new markets or market segments.

6. **Cost Reductions**: - New product providing similar performance at lower cost.

NEW PRODUCT DEVELOPMENT PROCESS

The new product development process goes through several stages of development. The different stages of product development are-

**Idea Generation**: -

The new product development starts with the search for ideas. The company has to generate many ideas in order to find one that is worth pursuing. New product idea can come from customers, scientist, competitors, employees, channel members, and top management. Companies like 3M and Toyota have put in special incentive program for their employees to come with workable ideas. One of the studies reveals that about 55% ideas come from internal sources. Companies can also find good ideas by researching competitors’ products and services. Companies’ sales representatives and intermediaries have first hand exposure to customers and hence are a particularly good source of ideas. Other sources of ideas are trade magazines, shows and seminars, market research firms, government reports, advertising agencies.
Screening:-
The purpose of idea screening is to identify those ideas which are worth pursuing. Companies have different methods for doing this from product review committees to formal market research. Companies can use various parameters to screen ideas such as market size, technical capabilities, potential competitors, market size, compatibility with known customer needs etc. While screening the ideas companies may make two types of error. Drop error is rejection of good ideas whereas Go error is selection of poor ideas. The main purpose of idea screening is to reduce the number of ideas to manageable few that deserve further attention and dropping poor ones as soon as possible.

Concept Development and Testing:
An attractive idea is to be developed into product concept. A product concept is detailed version of idea stated in meaningful consumer terms such as attributes, quality, price levels and unique benefits it provide. Once the concepts are developed, these need to be tested with consumers either symbolically i.e. picture, designs etc. or physically through developing model. After being exposed to the concept, consumers are asked to respond to it through a set of standard questions. The concept testing helps the company in:

a) Selecting the strongest concept from the available alternatives.
b) Eliminating the concepts disapproved by the target market.
c) Identifying customer criteria for evaluating product.
d) Determining desired features of the product.

e) Deciding on the product positioning on the basis of most sought after benefits.

Companies use research like focus group survey or broad market survey to collect information from the customers about their needs, perceived value, and believability of ideas, comparison with competitive products, and purchase intentions.

Marketing Strategy:-
The marketing strategy consists of three parts: first part describes the target market, the planned product positioning and the sales, market share and profit goals for the first few years. The second part outlines the product’s planned price, distribution, and marketing budget for the first year. The third part of the strategy statement describes the planned long run sales, profit goals, and the marketing mix strategy over time.

Business Analysis:-
Once the management has decided on the marketing strategy, it can evaluate the attractiveness of business proposal. Business analysis involves the review of projected sales, costs and profits to find out they satisfy a company’s objectives. If they do, the product can move to the product development stage.

Product Development and testing: -
Here R&D or engineering develops the product into a physical product. The step calls for large investment. First the prototype of the product is developed and tested. The prototype
developed is tested for its feasibility and functionality. The company may select sample form employees or volunteers who will test the product. Product testing is carried out to evaluate product characteristics and functional performance of the product. Functional tests are conducted under laboratory and field conditions to ascertain whether product performs safely and effectively.

**Test Marketing and Commercialization:-**

If the product passes the functional tests, the next step is test marketing; the stage at which product and the marketing program are introduced to a more realistic market settings. Test marketing give opportunity to the marketer to adjust marketing mix before going into the expense of a product launch. The amount of test marketing varies with the type of product. Costs of test marketing can be enormous and it can also allow the competitor an opportunity to copy the product or even sabotage the findings so that marketer gets distorted results. Hence, at times company may decide to skip test marketing.

After successful test marketing, the next stage is to launch the product to the full market. The company faces high costs of manufacturing, promotion and advertising. The company will have to decide on timing of the launch (seasonality), and the location (whether regional, national or international). This depends a lot on ability of the firm to bear risk and the reach of its distribution networks.

**BRAND:-**

A brand is defined as “a name, term, sign, symbol or special design or some combination of these elements that is intended to identify the goods or services of one seller or a group of sellers. A brand differentiates these products from those of competitors”. (American Marketing Association.)

Brand consists of following components:-

Brand name i.e. written part of the brand. E.g. coca cola.

- Brand Mark – symbol of the brand.
- Trade character: -e.g. Gattu for Asian paint, Maharaja of Air India.
- Trade Mark: - legal designation indicating exclusive right to use the brand.
- Trade name: - the full legal name of the organization. E.g. TATA.

A brand not only distinctly identify product or service but also convey following.

- **Attributes**: - A brand may convey attributes of the product. E.g. Limca suggests lemon content.
- **Benefits**: - An attributes should eventually transform into emotional and functional benefits. E.g. Raymond suits convey emotional benefit of the complete man.
- **Values**: - The brand may convey values associated with themselves. E.g Tata stands for quality
- **Culture**: A brand also represents certain culture. E.g. coke is an icon of American culture whereas Shilpa Bindis represent Indian culture.
- **Personality**: Brand communicates human like personal characteristics. E.g. Raymond is suave, sophisticated whereas Sprite is clear thinking and rational.
- **Users**: Brand clearly states their user segment. E.g. Pulsar indicates urban youth.

**BRAND EQUITY**:
Brand equity is the combination of assets and liabilities associated with the brand that enhances or depreciates the value of the brand. The brand equity of a product or service has about five major determinants: Brand Loyalty i.e. highest degree of commitment to the brand, Brand awareness i.e. knowledge of Brand existence, Perceived Quality, strong mental and emotional associations of Brand i.e. cues provided by brand and patents and trademarks.

**FIGURE 3.4 BRAND**

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**Provides Value to customer by Enhancing Customer’s:**
- Interpretations / Processing of information
- Confidence in the purchase Decision
- Satisfaction of Use.

**Providing value to the firm:**
- Efficiency and effectiveness on marketing programs.
- Brand Loyalty
- Trade Leverage
- Price / Margins
- Brand Extensions
- Competitive Advantage
Brand manager needs to take various kinds of decisions while managing a brand. The decisions to be taken by the manager are grouped as whether to brand or not to brand, brand strategy decision, brand sponsorship decision, brand name decision, brand portfolio decision, and brand repositioning decision.

**FIGURE 2.5 BRANDING DECISIONS**

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<th>Brand Sponsor Decision</th>
<th>Brand Name Decision</th>
<th>Brand Strategy Decision</th>
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### 2.1.3 SEGMENTATION, TARGETING AND POSITIONING

**INTRODUCTION:-**

A company cannot serve all customers in abroad market such as computers or soft drinks. The customers are too many and diverse in their buying requirement. A Company needs to identify a group/s of customers who have somewhat similar requirements; called as “**Market Segments**”. The company then selects one or more segments called “**Target Markets**” and develops products and marketing programs to suit them.

Target marketing requires marketer to take three steps:-

1. Identify and profile distinct groups of buyers who differ in their needs and preference. (**Market Segmentation**)
2. Select one or more market segments to serve. (**Market Targeting**)
3. For each segment selected, communicate the major unique benefit(s) of the company's market offering. (**Market Positioning**)

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PROCEDURE FOR SEGMENTATION:-

The segmentation procedure consists of following steps:-

1. **Need Base Segmentation:**
   Group customers into segments based on similar needs and benefits sought by customers.

2. **Segment Identification:**
   For each need based segments, determine which demographic, lifestyles or behavioral characteristics are unique to those segments.

3. **Segment Attractiveness:**
   The attractiveness of the segment can be accessed on the basis of certain criteria like demand, market growth, accessibility, intensity of competition etc.

4. **Segment Profitability:**
   Determine profitability of each segment.

5. **Segment Positioning:**
   For each segment, create a “value proposition” and product price positioning strategy based on that segment’s unique needs and characteristics.

6. **Segment “Acid Test”:**
   Create criteria to test the attractiveness of each segment’s positioning strategy.

7. **Marketing Mix Strategy:**
   Design the marketing mix on the basis of segment positioning strategy.

BASES FOR SEGMENTATION OF CONSUMER MARKET:-

1) **Geographic Segmentation:**
   Geographic segmentation is dividing the market into different geographical units such as nations, states, districts, cities etc. The company can operate in one or few geographic areas or operate in all, making local customization. E.g. The Times of India publishes local editions for different regions such as The Hyderabad Times for Hyderabad edition; Bombay times supplement for Mumbai readers.

2) **Demographic Segmentation:**
   In demographic segmentation, the market is divided on the basis of variables such as age, family size, family life cycle, gender, income, occupation, education, religion, generation, nationality and social class. It is highly effective segmentation because most customers’ tastes and preferences are based on these attributes and they are also easy to measure. When consumers are influenced by the socio-economic and lifestyle factors of their surrounding geographical area, they are segmented under geo demographic segmentation.

   The following are the demographic variables used in segmentation.

   a. **Age and Life Cycle stage:**
      The tastes and preferences change with age and stage of life cycle. E.g. Children
prefer flavored milk whereas youth show their preference towards cold drinks.

b. Gender:-
Many products like garments, jewelry, wristwatches, perfumes, magazines etc. are segmented according to gender. There are many attitudinal and behavioral differences among men and women.

c. Income:-
Marketer tends to segment products and services such as apparels, automobiles, travel etc. on the basis of income group. However income does not always reflect true customers. E.g. the support from financial institution has made possible for many middle class families to own products e.g. housing, holidays considered beyond their reach.

d. Generation:-
Every generation is deeply influenced by various activities of their time like movies, politics, society, music, etc. Such influences deeply impact their product purchase patterns.

e. Social Class:-
Social class segmentation is influenced by customer choices of automobiles, interior decorators, reading habits, clothing preferences, etc. The tastes and preferences of social classes also change according to time. E.g. Growth in working women class has made predominantly men wear brand Allen Solly to introduce formal wear for females.

3) Psychographic Segmentation:-
In psychographic segmentation buyer are divided into different groups on the basis of lifestyle, personality, values or beliefs.

Some of the important psychographic variables are :-

a. Life Style:-
Different customers exhibit different lifestyle depending on their income, social group etc. People buy product that suit their lifestyle. E.g. Working women may give preference to ready to cook food. Young urbanite show distinctly different preferences than his rural counterpart.

b. Personality: -
Personality characteristics such as extroversion, masculinity, aggression etc. also influence the buyer behavior of individuals. However it is difficult to measure personality traits accurately. Customer shows preference towards the brand which closely resembles their personality. E.g. the adventurous person may show their
preference towards Thumps up.

c. **Values:**
Marketer may segment by core values, the belief system that underlines consumer attitude and behavior. Core values affect people’s choices and desires over long term. E.g. Indians value close personal relationships and family. Amul has introduced large family packs for customers in India.

4) **Behavioral Segmentation:**
In behavioral segmentation, buyers are divided into groups on the basis of their knowledge of, attitude towards, use of, or response to a product. Important behavioral segmentation variables are occasions, benefits, user status, usage rate, loyalty, etc.

a. **Occasions:**
Markets can be divided on the basis of various occasions as customer may buy product for a particular occasion. People need different products for different occasion. E.g. Kellogg promoted its cereals as a breakfast items, Cadbury launched celebrations for festivals. Archies launch different greeting cards for Valentine day, Friendship day, Mothers day etc. A company can consider important events of life like marriage, childbirth, anniversaries, illness, career change as giving rise to new needs. This calls for special marketing offers to be devised to satisfy these needs.

b. **Benefits:**
Buyers can be grouped according to the benefits they are looking for. Different people may desire different benefits from the same product category. E.g., at one end of the spectrum we have red carbolic lifebuoy soap for the customers looking for the hygiene benefit whereas at the other end we have lifebuoy international for beauty conscious.

c. **Usage Rate:**
Markets can be divided into light, medium and heavy product users. Heavy users often constitute a small percentage of market but contribute high percentage of sales volume. Heavy users are either extremely brand loyal or price conscious. Marketer often design special marketing program for heavy users. E.g. Indian Airlines gives frequent flying status to its heavy user. On gathering a specific mileage point, customer is entitled for either a free stay in the hotel or discounted travel to international destination.

d. **Loyalty Status:**
Consumers have different degree of commitment to specific brands, stores or companies. They can be divided into four groups according to intensity of their brand loyalty.
1. **Hard-core Loyals:** Consumers who buy one brand all the time.
2. Split Loyals: - Consumers who buy two or three brands.
3. Shifting Loyals: - Consumers who shift from one brand to another.
4. Switchers: - Consumers who show no loyalty to any brand.

The marketer can learn a great deal by analyzing the degree of loyalty. Analysis of hard core loyals will indicate products strength, split loyals gives information on competing brands and Shifting loyals point out weaknesses of brand. Company marketing strategy will encourage loyals to remain and create high switching cost to stop shifting from company’s brand to other.

e. **Buyer Readiness Stage:**
   The buyer readiness stage differs from customer to customer. Some are unaware about the product, some are informed, some are interested; some desire to buy the product and some intend to buy. The aim of marketing program change according to buyer readiness. E.g. If consumer is not aware about the product then marketer needs to create awareness and subsequently create interest and stimulate them into buying.

f. **Attitude:**
   Five attitude groups can be found in a market: enthusiast, positive, indifferent, negative and hostile. Marketing strategies change according to attitude of the buyer. E.g. Door-to-Door workers in political campaign thank enthusiastic voters; they reinforce positive voters; they try to encourage indifferent voters and spend no time with negative or hostile voters.

**POSITIONING:**

It is an act of designing the company’s offering and image to occupy a distinctive place in the minds of the target market. Positioning is creating and maintaining an image for the product or brand in the minds of target audience relative to other brands.

**Rios and Trout** have advocated four principles of positioning:

- A company must establish a positioning in the minds of its targeted customers
- The position should be singular, providing one simple consistent message.
- The positioning must set a company apart from its competitors.
- A company cannot be all things to all people- it must focus on its efforts.

The result of positioning is the successful creation of a strong reason as why customer should buy the product. E.g. Dominos Pizza position is delivery of hot and fresh Pizza in less than 30 minutes. This clearly indicates their target market is convenience minded pizza eaters. Tata Indica is positioned as a spacious small car without extra costs.
2.1.4 INTEGRATED MARKETING COMMUNICATION PROCESS

Integrated Marketing Communication means use of all the possible communication channels such as advertising, public relations, sales promotion etc. in such a way that communication conveys unified image across all the channels and serve the communication objectives. Integrated marketing communication is the process of planning and execution of all types of communication needed for the product in order to satisfy a common set of communication objectives and support positioning proposition. IMC involves judicious use of combination of different communication channels. It should ensure that brand positioning, personality, messages are delivered synergistically across every element of communication and are delivered from a single communication strategy. E.g, Thumps up positioned as a brand for adventurous youth. The positioning is reflected in their tagline “Taste the thunder”. Also the brand is promoted through action hero Akshay Kumar. Thumps up advertisement can be seen frequently on channels like MTV, channel V popular among youth.

Integrated marketing communication process involves following steps:-

- **Identification of target audience:-**
  The process starts with a clear identification of target audience. Target audience would include current and potential buyers, deciders or influencers, individuals or groups, particular public or general public. The target market can be segmented in different ways. However, for the purpose of designing communication, usage (i.e. whether new or current) and brand loyalty (i.e. whether loyal or switcher) are most commonly used criteria.

- **Determining the Communication Objectives: -**
  The communication objectives would vary according to the target audience. There are four possible communication objectives:-
  - Creating need for the new product in the target segments.
  - Creating brand awareness i.e. ability to identify the brand from others in the same product line.
  - Developing or reinforcing positive attitude towards the brand.
  - Motivating and encouraging customer to make purchase decision.

The communication objective always aims at affecting cognitive (ability to think), affective (feeling or attitude) and behavioral tendencies. Thus, the communication objective involve informing the customers about the products and brands in such a way that it influences customer’s mind, develop positive attitude towards products and brands and finally prompt consumers to purchase.

- **Designing the communication Message:-**
  Designing communication message involves message content (what to say), message
structure (how to put the message), message format (how to say it symbolically) and message source (who should say it).

- **Message content**: message content is the identification of appeals, themes or central ideas that link the brand positioning. Message content uses three types of appeals to convey the message. *Rational appeal* (based on functional benefit e.g. Colgate fights bad breath), *Emotional appeal* (Based on emotional benefit e.g. Feels like heaven. Raymond the complete man) and *moral appeal* (Based on dos and don’ts. E.g. pay your taxes campaign).

- **Message structure**: the message structure can be one sided or two sided or conclusion drawing. One sided message only talk about benefits of the product, in two sided message the benefits as well as likely problems are communicated (the conclusion drawing message seeks quick response from customer)

- **Message format**: message format can be copy, visual, headlines or slogans. In case of audio visual medium, the characters, location and visuals are part of message format.

- **Message Source**: the message source can be company representatives, known or unknown faces. Celebrities can be used to deliver message as they command higher attention and recall. The three most important factors for selection of message source are expertise, trustworthiness and likeability.

- **Selection of Media channel**: The marketer can use personal as well as non-personal communication media to deliver communication message. The personal communication involves direct interaction and communication between two or more people. The personal communication channels include sales people from company (advocate channel), opinion leaders communicating the products or brands to the people (Expert channel) or friends, neighbors or family members talking to the individuals (social channel).

  The non-personal communication channels include media, atmosphere and events. The mass media channels include broadcast media (television, radio), print media (newspaper, magazines); electronic media (CDs. Video tape, audio tape); display media (billboards, sign, posters). The atmospheres are the packaged environments that create or reinforce the inclination of the buyer towards the purchase. The events are occurrences designed to deliver message to the particular audiences. The selection of media channel depends on the reach, frequency and overall impact of that medium.

- **Deciding the Total Communication Budget**: Marketer manager has to decide how much he should spend on the communication. The four common methods used for deciding communication budget are:-
  - Affordable Method: - the budget is based on the estimate of what company can afford neglecting entirely role of communication.
  - Percentage of sales method: - Percentage of current or anticipated sales can be allocated as a promotional budget.
  - Competitive Parity Method: - here the communication budgets of the competitors are used as benchmark for arriving at the company’s communication budget.
• **Objective and Task Method:** - the objective and task method is based on identifying communication objectives and further dividing those objectives into the tasks. For each task, the cost structure and spending details are devised.

• **Deciding the marketing communication mix:**
  the companies must allocate communication budget over the different modes of communication- advertising, sales promotion, public relations and publicity, events and experiences, direct marketing, interactive marketing, and the sales force. The objective of selecting media mix to arrive at optimal media mix which optimizes the spending in achieving communication objectives.

• **Measurement of Communication Results:**
  the marketing manager should measure the results of the communication program to evaluate effectiveness. The objectives of marketing communication is two folds:- sales objective and communication objective. The sales objectives are measured in terms of sales, market share, profitability and repeat sales. The communication objectives are measured indirectly through awareness, comprehension, and trial and adoption rate. The audience exposure rate can be measured by looking at the percentage of people who have seen the message, read the message, understood the message and finally responded by purchasing.

**Managing and coordinating Integrated Marketing Communication:**
All the communication activities need to be coordinated and managed as per the overall integrated communication objectives. It is necessary to coordinate various media channels and schedules. The coordination and management involves developing appropriate organization structure, responsibility and authority to people to manage and monitor the communication program. The wide range of messages, tools and audiences makes it imperative to integrate the marketing communication program.

### 2.2 MARKETING STRATEGIES

Strategy, a word of military origin, refers to a plan of action designed to achieve a particular goal. In military usage strategy is distinct from tactics, which are concerned with the conduct of an engagement, while strategy is concerned with how different engagements are linked. How a battle is fought is a matter of tactics: the terms and conditions that it is fought on and whether it should be fought at all is a matter of strategy, which is part of the four levels of warfare: political goals or grand strategy, strategy, operations, and tactics. Building on the work of many thinkers on the subject, one can define strategy as "a comprehensive way to try to pursue political ends, including the threat or actual use of force, in a dialectic of wills – there have to be at least two sides to a conflict. These sides interact, and thus a Strategy will thus rarely be successful if it shows no adaptability.

Marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive
advantage. A marketing strategy should be centered on the key concept that customer satisfaction is the main goal.

Marketing strategy is a method of focusing an organization's energies and resources on a course of action which can lead to increased sales and dominance of a targeted market niche. A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. Corporate strategies, missions, and goals. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement.

A marketing strategy can serve as the foundation of a marketing plan. A marketing plan contains a set of specific actions required to successfully implement a marketing strategy. For example: "Use a low cost product to attract consumers. Once our organization, via our low cost product, has established a relationship with consumers, our organization will sell additional, higher-margin products and services that enhance the consumer's interaction with the low-cost product or service."

A strategy consists of a well thought out series of tactics to make a marketing plan more effective. Marketing strategies serve as the fundamental underpinning of marketing plans designed to fill market needs and reach marketing objectives. Plans and objectives are generally tested for measurable results.

A marketing strategy often integrates an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. Similarly, the various strands of the strategy, which might include advertising, channel marketing, internet marketing, promotion and public relations, can be orchestrated. Many companies cascade a strategy throughout an organization, by creating strategy tactics that then become strategy goals for the next level or group. Each one group is expected to take that strategy goal and develop a set of tactics to achieve that goal. This is why it is important to make each strategy goal measurable.

Marketing strategies are dynamic and interactive. They are partially planned and partially unplanned. Marketing participants often employ strategic models and tools to analyze marketing decisions. When beginning a strategic analysis, the 3Cscan be employed to get a broad understanding of the strategic environment. An Ansoff Matrix is also often used to convey an organization's strategic positioning of their marketing mix. The 4Ps can then be utilized to form a marketing plan to pursue a defined strategy.

There are many companies especially those in the Consumer Package Goods (CPG) market that adopt the theory of running their business centered on Consumer, Shopper & Retailer needs. Their Marketing departments spend quality time looking for "Growth Opportunities" in their categories by identifying relevant insights (both mindsets and behaviors) on their target Consumers, Shoppers and retail partners. These Growth Opportunities emerge from changes in market trends; segment dynamics changing and also internal brand or operational business challenges. The Marketing team can then prioritize these Growth Opportunities and begin to develop strategies to exploit the opportunities that could include new or adapted products, services as well as changes to the 7Ps.
2.2.1 THE 3 C’s MODEL

The 3C's Model is a business model, which offers a strategically look at the factors needed for success. It was developed by Kenichi Ohmae, a business and corporate strategist.

The 3C’s model points out that a strategist should focus on three key factors for success. In the construction of a business strategy, three main players must be taken into account:

1. The Corporation
2. The Customer
3. The Competitors

Only by integrating these three C’s (Corporation, Customer, Competitors) in a strategic triangle, a sustained competitive advantage can exist. Ohmae refers to these key factors as the three C’s or strategic triangle. The Corporation needs strategies aiming to maximize the corporation’s strengths relative to the competition in the functional areas that are critical to achieve success in the industry.

A formal approach to this customer-focused marketing mix is known as Four Cs (Commodity, Cost, Channel, and Communication) in “7Cs compass model”. Koichi Shimizu proposed a four Cs classification in 1973.

This system is basically the four Ps renamed and reworded to provide a customer focus. The Four Cs Model provides a demand/customer centric version alternative to the well-known four Ps supply side model (product, price, place, promotion) of marketing management. The Four Cs model is more consumer-oriented and attempts to better fit the movement from mass marketing to symbiotic marketing.

1. Commodity : (Original meaning of Latin: Commodus=convenient) the product for the consumers or citizens. A commodity can also be described as a raw material such as; oil, metal ores and wheat, the price of these tend to change on a daily basis, due to the demand and supply of these commodities.

2. Cost : (Original meaning of Latin: Constare= It makes sacrifices) producing cost, selling cost, purchasing cost and social cost.

3. Channel : (Original meaning is a Canal) Flow of commodity: marketing channels.

4. Communication : (Original meaning of Latin: Communio=sharing of meaning) marketing communication: It doesn't promote the sales.

2.2.2 MARKETING MIX

The term "marketing mix" was coined in 1953 by Neil Borden in his American Marketing Association presidential address. However this was actually a reformulation of an earlier idea by his associate, James Culliton, who in 1948 described the role of the marketing manager as a "mixer of ingredients", who sometimes follows recipes prepared by others, sometimes prepares his own recipe as he goes along, sometimes adapts a recipe from immediately available ingredients, and at other times invents new ingredients no one else has tried.
prominent marketer, E. Jerome McCarthy, proposed a Four P classification in 1960, which has seen wide use. The Four P's concept is explained in most marketing textbooks and classes.

Elements of the marketing mix are often referred to as the "Four Ps":

**Product** - A tangible object or an intangible service that is mass produced or manufactured on a large scale with a specific volume of units. Intangible products are service based like the tourism industry & the hotel industry or codes-based products like cell phone load and credits. Typical examples of a mass produced tangible object are the motor car and the disposable razor. A less obvious but ubiquitous mass produced service is a computer operating system. Packaging also needs to be taken into consideration. Every product is subject to a life-cycle including a growth phase followed by an eventual period of decline as the product approaches market saturation. To retain its competitiveness in the market, product differentiation is required and is one of the strategies to differentiate from its competitors.

**Price** – The price is the amount a customer pays for the product. The business may increase or decrease the price of product if other stores have the same product.

**Place** – Place represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet.

**Promotion** - Promotion represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements: advertising, public relations, personal selling and sales promotion. A certain amount of crossover occurs when promotion uses the four principal elements together, which is common in film promotion. Advertising covers any communication that is paid for, from cinema commercials, radio and Internet adverts through print media and billboards. Public relations are where the communication is not directly paid for and includes press releases, sponsorship deals, exhibitions, conferences, seminars or trade fairs and events. Word of mouth is any apparently informal communication about the product by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum. Sales staff often plays an important role in word of mouth and Public Relations.

More recently, three more Ps have been added to the marketing mix namely People, Process and Physical Evidence. This marketing mix is known as Extended Marketing Mix.

**People** - All people involved with consumption of a service are important. For example workers, management, consumers etc. It also defines the market segmentation, mainly demographic segmentation. It addresses particular class of people for whom the product or service is made available.

**Process** - Procedure, mechanism and flow of activities by which services are used. Also the 'how' the product will reach the end user.

**Physical Evidence** - The marketing strategy should include effectively communicating their satisfaction to potential customers.
2.2.3 SWOT ANALYSIS

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. The technique is credited to Albert Humphrey, who led a convention at Stanford University in the 1960s and 1970s using data from Fortune 500 companies.

A SWOT analysis must first start with defining a desired end state or objective. A SWOT analysis may be incorporated into the strategic planning model. Strategic Planning has been the subject of much research.

Strengths: characteristics of the business or team that give it an advantage over others in the industry.

Weaknesses: are characteristics that place the firm at a disadvantage relative to others.

Opportunities: external chances to make greater sales or profits in the environment.

Threats: external elements in the environment that could cause trouble for the business.

Identification of SWOTs is essential because subsequent steps in the process of planning for achievement of the selected objective may be derived from the SWOTs. First, the decision makers have to determine whether the objective is attainable, given the SWOTs. If the objective is NOT attainable a different objective must be selected and the process repeated. The SWOT analysis is often used in academia to highlight and identify strengths, weaknesses, opportunities and threats. It is particularly helpful in identifying areas for development. SWOT analysis is a tool for auditing an organization and its environment. It is the first stage of planning and helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors. Opportunities and threats are external factors.

2.2.5 MICHAEL PORTER'S FIVE FORCE ANALYSIS

According Michael Porter Porter's five forces is a framework for the industry analysis and business strategy development formed by Michael E. Porter of Harvard Business School in 1979. In the book “What is Strategy”, Harvard Business Review, Nov/Dec 1996 he draws upon Industrial Organization economics to derive five forces that determine the competitive intensity and therefore attractiveness of a market. Attractiveness in this context refers to the overall industry profitability. An "unattractive" industry is one in which the combination of these five forces acts to drive down overall profitability. A very unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven down to zero.

Three of Porter's five forces refer to competition from external sources. The remainders are internal threats. Porter referred to these forces as the micro environment, to contrast it with the more general term macro environment. They consist of those forces close to a company that affect its ability to serve its customers and make a profit. A change in any of the forces normally, requires a business unit to re-assess the marketplace given the overall change in industry information. The overall industry attractiveness does not imply that every firm in the industry will return the same profitability. Firms are able to apply their core competencies,
business model or network to achieve a profit above the industry average. A clear example of this is the airline industry. As an industry, profitability is low and yet individual companies, by applying unique business models, have been able to make a return in excess of the industry average.

Porter's five forces include - three forces from 'horizontal' competition: threat of substitute products, the threat of established rivals, and the threat of new entrants; and two forces from 'vertical' competition: the bargaining power of suppliers and the bargaining power of customers.

This five forces analysis is just one part of the complete Porter strategic models. The other elements are the value chain and the generic strategies.

Porter developed his Five Forces analysis in reaction to the then-popular SWOT analysis, which he found rigorous and ad hoc

2.2.6 PESTEL ANALYSIS

PEST analysis stands for "Political, Economic, Social, and Technological analysis" and describes a framework of macro-environmental factors used in the environmental scanning component of strategic management. Some analysts added Legal and rearranged the mnemonic to SLEPT inserting Environmental factors expanded it to PESTEL or PESTLE, which is popular in the United Kingdom the model has recently been further extended to STEEPE and STEEPLED, adding education and demographic factors. It is a part of the external analysis when conducting a strategic analysis or doing market research, and gives an overview of the different macro environmental factors that the company has to take into consideration. It is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations.

The growing importance of environmental or ecological factors in the first decade of the 21st century have given rise to green business and encouraged widespread use of an updated version of the PEST framework. STEER analysis systematically considers Socio-cultural, Technological, Economic, Ecological, and Regulatory factors

Political factors are how and to what degree a government intervenes in the economy. Specifically, political factors include areas such as tax policy, labor law, environmental law, trade restrictions, tariffs, and political stability. Political factors may also include goods and services which the government wants to provide or be provided (merit goods) and those that the government does not want to be provided (demerit goods or merit goods). Furthermore, governments have great influence on the health, education, and infrastructure of a nation.

Economic factors include economic growth, interest rates, exchange rates and the inflation rate. These factors have major impacts on how businesses operate and make decisions. For example, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy

Social factors include the cultural aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. Trends in social factors affect the demand for a company's products and how that company operates. For example, an
aging population may imply a smaller and less-willing workforce (thus increasing the cost of labor). Furthermore, companies may change various management strategies to adapt to these social trends (such as recruiting older workers).

Technological factors include technological aspects such as R&D activity, automation, technology incentives and the rate of technological change. They can determine barriers to entry, minimum efficient production level and influence outsourcing decisions. Furthermore, technological shifts can affect costs, quality, and lead to innovation.

Environmental factors include ecological and environmental aspects such as weather, climate, and climate change, which may especially affect industries such as tourism, farming, and insurance. Furthermore, growing awareness of the potential impacts of climate change is affecting how companies operate and the products they offer, both creating new markets and diminishing or destroying existing ones.

Legal factors include discrimination law, consumer law, antitrust law, employment law, and health and safety law. These factors can affect how a company operates, its costs, and the demand for its products.

2.2.7 ANSOFF’S MATRIX

The Ansoff Product-Market Growth Matrix is a marketing tool created by Igor Ansoff and first published in his article "Strategies for Diversification" in the Harvard Business Review (1957). The matrix allows marketers to consider ways to grow the business via existing and/or new products, in existing and/or new markets – there are four possible product/market combinations. This matrix helps companies decide what course of action should be taken given current performance. The matrix consists of four strategies. This well known marketing tool was first published in the Harvard Business Review (1957) in an article called 'Strategies for Diversification'.

**FIGURE 2.6 ANSOFF’S MATRIX**

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<tr>
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<th>Present</th>
<th>New</th>
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<tbody>
<tr>
<td><strong>Market</strong></td>
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<tr>
<td><strong>Present</strong></td>
<td>Market Penetration</td>
<td>Product Develop</td>
</tr>
<tr>
<td><strong>New</strong></td>
<td>Market Development</td>
<td>Diversification</td>
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</tbody>
</table>
It is used by marketers who have objectives for growth. Ansoff's matrix offers strategic choices to achieve the objectives. There are four main categories for selection:

Market penetration (existing markets, existing products): Market penetration occurs when a company enters/penetrates a market with current products. The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting non-users of your product or convincing current clients to use more of your product/service, with advertising or other promotions. Market penetration is the least risky way for a company to grow.

Product development (existing markets, new products): A firm with a market for its current products might embark on a strategy of developing other products catering to the same market (although these new products need not be new to the market; the point is that the product is new to the company). For example, McDonald's is always within the fast-food industry, but frequently markets new burgers. Frequently, when a firm creates new products, it can gain new customers for those products. Hence, new product development can be a crucial business development strategy for firms to stay competitive.

Market development (new markets, existing products): An established product in the marketplace can be tweaked or targeted to a different customer segment, as a strategy to earn more revenue for the firm. For example, Lucozade was first marketed for sick children and then rebranded to target athletes. This is a good example of developing a new market for an existing product. Again, the market need not be new in itself; the point is that the market is new to the company.

Diversification (new markets, new products): Virgin Cola, Virgin Megastores, Virgin Airlines, Virgin Telecommunications are examples of new products created by the Virgin Group of UK, to leverage the Virgin brand. This resulted in the company entering new markets where it had no presence before.

2.2.8 EFFECTIVE MARKETING STRATEGIES FOR THE SERVICE INDUSTRY

There are two major components to marketing strategy:

- How your enterprise will address the competitive marketplace
- How you will implement and support your day to day operations.

In today's very competitive marketplace a strategy that insures a consistent approach to offering your product or service in a way that will outsell the competition is critical. However, in concert with defining the marketing strategy you must also have a well defined methodology for the day to day process of implementing it. It is of little value to have a strategy if you lack either the resources or the expertise to implement it. In the process of creating a marketing strategy you must consider many factors. Of those many factors, some are more important than others. Because each strategy must address some unique considerations, it is not reasonable to identify 'every' important factor at a generic level. However, many are common to all marketing strategies. Some of the more critical are described below.
You begin the creation of your strategy by deciding what the overall objective of your enterprise should be. In general this falls into one of four categories:

1. If the market is very attractive and your enterprise is one of the strongest in the industry you will want to invest your best resources in support of your offering.

2. If the market is very attractive but your enterprise is one of the weaker ones in the industry you must concentrate on strengthening the enterprise, using your offering as a stepping stone toward this objective.

3. If the market is not especially attractive, but your enterprise is one of the strongest in the industry then an effective marketing and sales effort for your offering will be good for generating near term profits.

4. If the market is not especially attractive and your enterprise is one of the weaker ones in the industry you should promote this offering only if it supports a more profitable part of your business (for instance, if this segment completes a product line range) or if it absorbs some of the overhead costs of a more profitable segment. Otherwise, you should determine the most cost effective way to divest your enterprise of this offering.

Having selected the direction most beneficial for the overall interests of the enterprise, the next step is to choose a strategy for the offering that will be most effective in the market. This means choosing one of the following 'generic' strategies.

1. A COST LEADERSHIP STRATEGY is based on the concept that you can produce and market a good quality product or service at a lower cost than your competitors. These low costs should translate to profit margins that are higher than the industry average. Some of the conditions that should exist to support a cost leadership strategy include an on-going availability of operating capital, good process engineering skills, and close management of labor, products designed for ease of manufacturing and low cost distribution.

2. A DIFFERENTIATION STRATEGY is one of creating a product or service that is perceived as being unique "throughout the industry". The emphasis can be on brand image, proprietary technology, special features, superior service, a strong distributor network or other aspects that might be specific to your industry. This uniqueness should also translate to profit margins that are higher than the industry average. In addition, some of the conditions that should exist to support a differentiation strategy include strong marketing abilities, effective product engineering, creative personnel, the ability to perform basic research and a good reputation.

3. A FOCUS STRATEGY may be the most sophisticated of the generic strategies, in that it is a more 'intense' form of either the cost leadership or differentiation strategy. It is designed to address a "focused" segment of the marketplace, product form or cost management process and is usually employed when it isn't appropriate to attempt an 'across the board' application of cost leadership or differentiation. It is based on the concept of serving a particular target in such an exceptional manner, those others
cannot compete. Usually this means addressing a substantially smaller market segment than others in the industry, but because of minimal competition, profit margins can be very high.

2.3 REVIEW OF JOURNALS

2.3.1 WHAT PEOPLE WANT AND HOW TO PREDICT IT

Prof Thomas H. Davenport and Prof Jeanne G. Harris are the authors of Competing on Analytics: The New Science of Winning (Harvard Business School Press 2007). In the article ‘What people want (and how to predict it)’ they have tried to find answers to the leading question which is how to find what the consumers want and the methods to predict them. According to them, companies now have unprecedented access to data and sophisticated technology that can inform decisions as never before. How successful are they at helping forecast what customers want to watch, listen to and buy?

The authors noted that the year of 2007 was a terrible year for many big movie stars. One major exception was the Hollywood star, Will Smith, whose film “I Am Legend” set a box office record for a movie opening in December, taking in $77 million. In 2008, Smith’s star vehicle “Hancock” grossed more than $625 million worldwide despite poor critical reviews. Smith’s success was not all that surprising, however: with the exception of the Harry Potter movies, those in which Smith star have higher opening weekends and average box – office receipts than movies with any other male lead.

The authors have noticed that, it’s easy to see why most people view the prediction of taste as an art. Historically, neither the creators nor the distributors of “cultural product” have used analytics – data, statistics, predictive modeling to determine the likely success of their offerings. Instead, companies relied on the brilliance of tastemakers to predict and shape what people would buy. If Coco channel said hemlines were critical, Harry Cohn, the founder of Columbia Pictures, believed he could predict how successful a movies would be based on whether his backside squirmed as he watched (if it did, the movies was no good). The authors feel that Creative judgment and expertise will always play a vital role in the creation, shaping and marketing of cultural products. But the balance between art and science is shifting. Today companies have unprecedented access to data and sophisticated technology that allows even the best known experts to weigh factors and consider evidence that was unobtainable just a few years ago. As a result, the prediction of consumer taste is quietly becoming a prominent feature the entertainment and shopping landscape. Creators and distributors of cultural products are attempting to predict how successful a particular product will be before, or after its creation. Consumers of cultural products can draw upon recommendations- a form of prediction as well- about which products or product attributes will appeal to them.

In this article they have described the results of a study of prediction and recommendation efforts for a variety of cultural products. They explain why prediction and recommendation technologies are important, the different approaches used to make predictions are applied and the barriers to more extensive use.
The authors question that, if the success and appeal of cultural products can be predicted, why not any other product or service? For executives leading any company whose main offerings are consumer products, such knowledge will be increasingly critical to success. The sophisticated prediction of consumer tastes will help guide investment decisions for virtually all consumer products and services. Today it is already common for consumers to consult online comments and ratings, and both manufacturers (Dell, Lego, Intuit, Timberland) and retailers (Costco, Sears, Macy’s) make available such opinions. As offerings proliferate and consumer “share of mind” comes under assault from a bombardment of choices and opinions, recommendation technologies will allow consumers to evaluate opinion and synthesize rating more systematically. Prediction will be equally useful for creators of product and content. Just as a consumer product company will not dream of launching a new product without testing it with consumer first, no company will launch any expensive to create product or content offering without subjecting it to some form of systematic prediction or test. The earlier in the development cycle the prediction can be made, the development cycle the predictions can be made, the more useful they will be.

“Nobody knows anything” about the factors associated with the commercial success of a movie. While strides have been made in the use of prediction for producers & distributors, more progress has been made on the consumer recommendation front.

Prediction of what products will be successful for creators and distributors of cultural content are less common. It is easiest after the product has been developed, when its attributes are clear and there are some indicators of its popularity. For example, a movie studio’s home video distribution business has made predictions (primarily using regression analysis) of how many copies to produce, and they are usually fairly accurate. Their prediction before the movie is actually made, however, are often wildly inaccurate.

One of the reason the authors feel is that recommendation offerings are proliferating is that consumer today are overwhelmed by “the paradox of choice”—so many choices to make, and no easy way to distinguish among the offerings. Producers face the opposite problem; they need to make wise investment decisions in a world cluttered with cultural products.

The authors have observed that movies studios around the world are churning out more movies than viewer can watch. The number of Hollywood films released in 2006 was 607 and 11% increase over the previous year, and an all time high. That total was almost double the number released in 1990. Yet few have the time to see twice as many films as they did just a couple of decades ago. Indian film production companies are even more prolific releasing more than 1,000 new textures—length movies a year. And books and movies are just the tip of the iceberg, as people increasingly spend their time watching professional and amateur “culture production” on sites like YouTube via their laptops, mobile phones or PDAs.

The authors have observed that some companies are beginning to add social networking as a means of recommending cultural products. If your friends like certain songs and movies, perhaps you should become friends. Live Wire Mobile and Last.fm Ltd. have a social networking element in their music offerings, and Netflix has a “Friends” service that lets customers share movie preferences and reviews with a community.

The authors feel that new technologies will continue to emerge for analyzing and predicting consumer taste. Inner-scope Research is beginning to employ biological approaches to study consumer engagement for advertising and television programs. The company measures biological indicators of mental engagement, such as heart rate and galvanic skin response. NASA developed an even more direct measure of human attention using brain waves, but
thus far the technology has not been successfully applied commercially. As soon as it’s clear that money can be made using these biological assessment tools, their use will undoubtedly grow despite some observer’s moral and ethical qualms.

2.3.2 THE IMPACT OF NEW TECHNOLOGIES ON MOVIE ATTENDANCE

Prof Jon Silver and Prof John McDonnell of the school of Advertising, Marketing and Public Relations, Queensland University of Technology, Brisbane, Queensland, Australia in the article published by the Kelly School of Business, Indiana University in 2007 have tried to find out answers to the problem of failure of movie theatres and why the exhibitors and distributors are losing out in the long run.

The authors point out that Innovation is fundamental to continued business survival sustainable competitive advantage facilities long term firm profitability but relies upon ongoing environmental consonance and the position of defend ability that is achieved if the advantage provides value that cannot be copied, substituted, or eroded by competitors Now a century old, the cinema has historically enjoyed a competitive advantage over other forms of entertainment, as built upon two foundations which are currently being undermined. During the movie industry’s first century, movie theatres represented the first release retail market for the American film industry. Until movies were first broadcast on television in the late 1950s, and later became available on video, they could only be seen in a movie theatre. Moreover, until the recent introduction of alternative digital delivery technologies and big screen televisions, the primary medium for watching movies on large, wide screens has also been in movie a theaters.

The authors say that American movie theatre attendance has, in the past, been impacted by the emergence of competition from product substitutes created by technological innovation. During the Great Depression, commercial radio provided Americans with free home entertainment. As a result, annual theater admission declined from 1930 to 1936, with Fox Film President, William Fox, attributing the deleterious effect to the influence of radio Booming once again following World War II, the box office racked up an almost two-fold increase in annual attendance between 1937 and 1946. Then, during the 1950s, Americans families migrated to the newly developing suburbs in search of cheap housing, an exodus which coincided with the widespread diffusion of television into American homes Annual movie attendance declined steeply as the weekly cinema-going audience began staying home to watch TV The impact of this cultural and technological phenomenon was highlighted by a 1951 New York Times survey across 100 cities hosting television stations: movie attendance had declined between 20% and 40% in those locations.

Owing to the relatively recent, dynamic growth of the home video market, current release windows between movie theaters and video have been shrinking. As such, movie theaters are facing an uncertain future, one in which they might well no longer hold the firm competitive advantage that they’ve historically enjoyed.

This article considers how the US movie theater industry, in light of direct threats from new technologies, can re-establish a sustainable competitive advantage today. In addition, it identifies some innovations that may be relevant toward that end.
The authors feel that in today’s competitive and fractured entertainment environment, the major studios now use a film’s theatrical release to establish its brand. To enable exploitation of larger profits down the value chain, in home video and television markets, and from other ancillary revenue streams such as licensed merchandising, music soundtracks, and book tie-ins, no longer do major studio-distributors focus solely on the box office, as they once did during the studio Era. Instead, the Majors are now in the entertainment business, distributing movies and other screen offerings across a range of delivery channels, while individual movie theatres remain trained on motion picture exhibition. At the dawning of the film industry’s second century, movie theaters face increasingly intense competition, not only from product substitutes (e.g., pay TV, DVD’s, large screen LCD and plasma televisions, video-on-demand, multi-media enabled G3 cell phones, video iPods, potable digital media centers) but also from other diversionary forms of entertainment and leisure that compete directly for the attention of movie theaters’ primary target segment audience members aged 12-24 years old.

The authors noted the causes of the recent drop in box office revenues and a decline in movies attendance has become the focus of intense industry analysis and media scrutiny during 2005-2006. The debate raged, but speculation by industry insiders and media analysts has tended to cluster around a number of possible explanations. Some of these hypotheses can be readily dismissed. First, many in the industry blamed a poor 2005 product line up for the box office slump; according to this rationale, movies released during 2005 were simply not as good as those that premiered in 2004.

The authors feel that the availability of product substitutes has been increasing, due to the diffusion of home cinema and other digital technologies that enable consumers to watch movies in forms other than on a theater screen. Some of the most recent and dramatic threats to movie theaters have arisen from the sudden emergence of the home cinema industry. Until the past few years, movies theaters were the only form of big screen entertainment. Since then, however, technology diffusion (including large screen televisions and home cinema projectors) has enabled potential movie patrons to get closer to the image by bringing the theater experience into their homes.

In 2005, theater chains were worried about the looming competitive threat posed by the compression of video release windows that edge increasingly closer to theatrical release dates historically theatrical release has been of paramount importance to the studios, as their financial models have based downstream ancillary market revenues on box office earnings.

The authors have illustrated that experiments with price elasticity of demand for some cinema tickets demonstrate cost, alone, is not necessarily a barrier. However, the combination of these factors means that the value proposition (based on both benefits and costs) of home cinema vs. movie theaters has changed dramatically for many buyers. This dynamic is reinforced by the social phenomenon known as ‘hiving’ an emerging trend in a number of countries that has transformed several industries, such as entertainment and housing, in recent years. Hiving refers to social activities that bring people into contact with each other around a central home base.

The authors feel that the first requirement for many movie theaters may be to re-address and re-identify the issue of what market they are in, exactly. They note that one of most influential marketing articles ever written, Marketing Myopia by Theodore Levitt (1960), has put forth the argument that most organization are constricted by too narrow a vision of what business they are in; or in other words, by limited business horizons. As a result of this visionary article, the oil companies redefined their business as energy rather than just...
petroleum, while US passenger railroads were too slow to redefine their horizons. Industries with limited scopes can still be found today, however. They argue that the US cinema industries need to redefine its competition and broaden its horizons in order to develop effective strategies. They quote Levitt saying that the future belongs to people who see possibilities before they become obvious.

2.4 CONSULTANT REPORTS

1. Mr. Subhash Ghai, the Chairman of CII National Entertainment Committee says that The Indian entertainment industry is on the threshold of emerging as a large market globally. Future growth of the industry is expected to be led by rising spends on entertainment by a growing Indian middle class, regulatory initiatives, increased corporate investments and the industry's dynamic initiatives to make strategic structural corrections to grow. In addition to the Indian middle class’ enhanced spends projected towards entertainment, the rising global interest in Indian content is expected to fuel growth in this industry.

The report prepared by KPMG is an initiative under CII's “India – The Big Picture” focus has been an effort to present a critical analysis of the sectoral constraints faced by the industry that are impediments to its growth, the need for concerted action and hence achieve its true potential. One of the key imperatives that can realize this potential, as pointed out in this report, is the need for focus and effective collaboration between the key stakeholders.

2. Sunil Kant Munjal President Confederation of Indian Industry said that The spend on entertainment in India is significantly lower than most advanced countries, yet the growing middle class exhibits a greater propensity to spend on entertainment, when we consider the entertainment spend as a percentage of per capita spend. As the Indian economy grows, the rest of the population is moving towards a higher standard of living. It is this growing consuming class with the propensity to spend that will drive the growth of the Indian entertainment industry.

With this background CII, in partnership with KPMG, has brought out a report: “Indian entertainment industry - Focus 2010: Dreams to reality”, providing in-depth analysis of its key constituent segments television, films, radio and music. The report is aimed to assist industry to get an analytical understanding of the entertainment sector. The entertainment industry in India has the potential to be the next 'sunrise' industry and is undergoing significant changes. Increasingly, the Indian entertainment industry is being influenced by international trends and developments. The industry is steadily moving towards corporatization and globalised markets.

3. Ian Gomes, The Country Managing Director KPMG says that India ranks among the top five economies of the world in terms of purchasing power parity, while its GDP ranks eleventh in absolute terms. Combined with the fact that India has the second largest population in the world with over a billion people, this makes India one of the most exciting marketplaces for any consumer products or services industry given the average Indian's
cultural affinity for entertainment, the Indian entertainment industry's growing contribution to the economy cannot be understated.

KPMG and CII have come together to create a vision document on the sector which aims to provide a critical evaluation of the Indian entertainment industry, with in-depth analysis of its constituent segments - television, films, radio and music. The report evaluates whether the industry's potential can become a reality if the various participants, including content providers, distributors, infrastructure and technology providers, investors and the Indian government, work together with a shared vision to address the issues and constraints faced

4. MEDIA AND ENTERTAINMENT REPORT

Media, the fourth estate, when entwined with the entertainment component represents an effective facet of consumers in India. Technology has played a key role in influencing the entertainment industry, by redefining its products, cost structure and distribution.

The Indian Media and Entertainment (M&E) industry stood at US$ 12.9 billion in 2009 registering a 1.4 per cent growth over last year, according to a joint report by KPMG and an industry chamber. Over the next five years, the industry is projected to grow at a compound annual growth rate (CAGR) of 13 per cent to reach the size of US$ 24.04 billion by 2014, the report stated.

Similarly, PricewaterhouseCoopers (PwC) in its report titled ‘Indian Entertainment & Media Outlook 2010’ predicts that the industry is poised to return to double digit growth to touch US$ 22.28 billion growing cumulatively at a 12.4 per cent CAGR to 2014.

The Indian animation industry is expected to grow at 20 per cent to reach US$ 253 million by 2013 from the current US$ 122 million, according to a study by Deloitte and an industry body. The Indian gaming market alone has been estimated at US$ 239 million and is expected to grow at a compounded annual growth rate of over 50 per cent to reach US$ 1.3 billion by 2013.

The information and broadcasting industry, including print media, witnessed FDI inflow of US$ 2.04 billion during April 2000 and September 2010, according to the Department of Industrial Policy & Promotion (DIPP).

Television

The television industry is projected to continue to be the major contributor to the overall industry revenue pie and is estimated to grow at a rate of 12.9 per cent cumulatively over the next five years, from an estimated US$ 5.69 billion in 2009 to US$ 10.45 billion by 2014, as per a report by PwC.

A report by research firm Media Partners Asia (MPA) stated that India is poised to become the world's largest direct-to-home (DTH) satellite pay TV market with 36.1 million subscribers by 2012, overtaking the US. Furthermore, in its report titled 'Asia Pacific Pay-TV and Broadband Markets 2010', MPA said India's DTH subscriber base will increase from 17 million in 2009 to 45 million by 2014 and 58 million by 2020.

In a new survey of more than 50 organized pay-TV platforms in 16 Asia-Pacific (APAC) markets, research from Media Partners Asia (MPA) shows that India’s six DTH pay-TV
platforms will reach close to 8.6 million net new subscribers in 2010, almost 50 per cent year-on-year growth and representing more than a 55 per cent contribution to net new additions across the APAC operator group in the survey.

Anil Dhirubhai Ambani Group's company, Reliance MediaWorks (RMW) has signed a memorandum of understanding (MoU) with IMAGICA Corp of Japan for film processing services. Under this alliance, RMW, on behalf of IMAGICA, would provide film restoration, image processing and enhancement and high definition (HD) conversion services to the Japanese clients. IMAGICA Corp would work with RMW's Los Angeles-based subsidiary Lowry Digital, which has handled projects for leading studios like Walt Disney, Paramount Pictures, MGM and 20th Century Fox. RMW would be doing the processing job for IMAGICA either in India or in California in the US.

Music

Due to the tremendous uptake of the mobile value-added services (VAS) market, the industry is projected to grow at a CAGR of 28.6 per cent over 2010-14, reaching US$ 567.6 million in 2014, as per PwC. The key growth driver for the music industry over the next five years will be digital music, and its share is expected to move from 29 per cent in 2009 to 75 per cent in 2014.

Radio

Radio is considered a mass medium. It ideally suits the Indian environment - leveraging its twin advantages of wide coverage and cost effectiveness. Currently, the sector generates annual revenues worth US$ 49.5 million and is growing at around 20 percent annually, according to the joint report by KPMG and an industry chamber.

The radio advertising industry is projected to grow at a CAGR of 12.2 per cent over 2010-14, reaching US$ 342.7 million in 2014 from the present US$ 192.8 million in 2009, as per PwC.

Advertising

A report by consultancy firm KPMG stated that the US$ 5.2 billion advertising industry is set to grow at a compounded annual growth rate (CAGR) of 14 per cent in 2010, in comparison to the last year. KPMG observed that online advertising will grow about 30 per cent per annum, establishing itself as the fastest growing advertising medium. While elaborating further it stated that the growth in regional advertising is partly driven by new sectors such as education, hospitality, jewellery and real estate which often have local brands and therefore prefer to advertise through local channels.

Emphasizing on the Internet advertising industry, KPMG said the US$ 185 million industry would encourage both multinational companies and local brands to focus on their marketing strategies.

Meanwhile, Google India has seen a 96 per cent annual growth in 2009-10 in the number of users of its search-linked advertising business, and hopes to continue the momentum by targeting small and medium enterprises.

Cinema

Films Division has been motivating the broadest spectrum of the Indian public with a view to enlisting their active participation in nation building activities.
According to PwC, The industry is projected to grow at a CAGR of 12.4 per cent, reaching US$ 3.65 billion in 2014 from the present US$ 2.03 billion in 2009.

According to the joint report by KPMG and an industry chamber, the growth drivers for the sector would include expansion of factors like an increase in the number of multiplex screens, digital screens facilitating wider releases, higher cable and satellite revenues, improving collections from the overseas markets and supplementary revenue streams like DTH, digital downloads, etc, which are expected to emerge in future.

**Print/Publishing**

The print media industry is projected to grow at a CAGR of 9 per cent and targets to reach around US$ 5.93 billion by 2014, according to the joint report by KPMG and an industry chamber.

As per the Indian Readership Survey (IRS) for the third quarter of 2010, conducted jointly by the Media Research Users Council (MRUC) along with research firm Hansa Research Group Pvt. Ltd., Dainik Jagran, published by Jagran Prakashan Ltd, continues to be the most read newspaper in the country. The average issue readership (AIR) of the newspaper in the last quarter increased to 15.95 million from 15.925 million readers in the last round of the survey.

### 2.5 REVIEW OF RESEARCH ARTICLES

#### 2.5.1 FILM BACK TO FUTURE

The article **“Film back to future”** is a research article based on Indian film industry its performance in the recent past Film and film based entertainment has captivated Indian generation especially the young generation. This is boosting the growth of Indian film industry. The author in the various papers has tried to focus on how Indian cinema is influenced by its western and eastern counter part. According to the author India is the largest film producers in the world by volume however there are many hurdles that Indian cinema is facing. The author has tried to find out gross world revenue and India’s contribution.

According to the author although our industry is 90 year old granted industry status as early as 2000, but consequently during the last 5 years only organizing funding is made possible by the institutional financing, banks and financial institutions. Corporate and Venture funds have become possible. Earlier it was solely and largely depended only on private and largely on individual financing at extremely high rate of interest.

Over the last few years there have been some changes in the operating style of Indian film industry. The film financing on organized sector is on rise and around 100 films have availed organized financing accounting in Indian rupees 7 billion in 2004 compared to virtually NIL in 2000. This could be higher in near future, if on demand side, industry responds pragmatically by creating an environment conducive to organizing financing and organized funding. And on supply side, more funding from the organized sector will enter the market, spreading the risk of single financer and deepening the market. Increased Corporatization in film industry has shown an early form of vertical integration between content producers, distributors, exhibitors, broadcaster and Music Company can be observed in the industry.
The authors have further found out that how the Indian film industry has entered into new phase of growth. According to the author integration and right sizing of all function across the value chain expected to lead to consolidation among various fragmented players in the industry. This will result in increase in better market power, better economy of scale, to share common resources across the different value chain and initiative to mitigate risk as against transferring risk to the next player. This will lead to make more efficient film making process where relevant film contents will be developed and distributed and exhibited in more synergic and systematic manner and on the large scale.

The changing paradise as noticed by author has the following features:

1. The opening up of new market overseas with the viewer ship of Indian film beyond Indian Diaspora into Asian and eventually non-Asian audiences.

2. Nation wide distribution of well made big budget films, regional films some of which will pass countries like Japan and China.

3. Rising penetration of home video and better demand for Pay for View content with advent of alternative delivery platform like DTH and IPTV.

4. Theatrical attendance considering the right sizing and the up gradation of theatre, introduction of multiplexes success to enhance the viewing experience.

5. Reduce leakages and Piracy with better investment in Digital technology and network for reducing the time lag between releasing in main stream and entering into other theatres and will increase more effective monitoring which will help in recording of revenue.

The author has noticed that the Indian film industry comprise of cluster of regional films like Hindi, Telugu, Kannada, Malayalam, Bengali and Marathi films etc. This makes it one of the complex and fragmented film industries in the world. These regional language films compete with each other in a certain market segment and enjoy virtual monopoly in certain markets. The most popular are then the Hindi film industry locally and globally termed as Bollywood.

The growth of Indian film industry and especially regional and Hindi Film main stream has compared from 1999 – 2003. The authors have explained the phenomenon of regional films and according to the author the major regional film industry are Tamil and Telugu which together earns around Indian Rs.15 billion followed by Malayalam, Bengali and Punjabi. The cost of regional film is low keeping in mind with its limited market and lower market revenue. And more revenue main stream is Bollywood films. With the increase in viewers exposure to entertainment pleasure with the help of satellite television the number of regional film produced have fallen from 800 three years ago to 650 in the year 2005.

However compared to cost control and discipline the level of professionalism prevalent in certain regional film industry like Tamil is much higher than that observed in Bollywood e.g. the average time for release of Tamil film is 4 months, as appears to be 15-18 months in Bollywood.

Some key result factors for success of regional films are
1. Appropriate importance is given to Script development and pre-film production process.
2. Leading actors working on limited numbers of assignments at a time.
3. Large scale of operations of film studios giving them flexibility to amortize and spread cost and risk over a large portfolio as well as greater degree of integration. The authors have also tried to offer diagramed explanation of market share by revenue.

**Figure 2.7: MARKET SHARE BY REVENUE COLLECTIONS**

![Market Share by Revenues](chart.png)


According to author Indian movies contribute 43 %, the other contribute 8% and other Hindi movies contribute 2% and Bengali 1% where as Tamil films contribute 17%, Telugu films contributes 15% and Malayalam films contribute 10% of the total market shares.

The authors have tried to find out current system of distribution of revenue by the industry. The industry realizes almost 70 % of its revenue or around 80% of legitimate revenue of Indian rupee 15 Billion from domestic and overseas theatrical viewer ship unlike other countries whereas in country like US only 35% of its revenue comes from theatrical viewer ship sources and 65% revenue is derived from other sources like DVD rights, cable satellite rights and prepay per view.

The current practices of revenue distribution as studied in this research paper indicate that industry relies almost on around 17% of its total revenue from domestic and overseas theatres. In terms of size and growth, with reduction of production cost there is potential for each and every revenue component to grow albeit in varying degrees.
The authors have suggested that considering the growth of Indian film industry it is necessary that the segment wise growth should be encouraged and the authors have found out certain key drivers that enable such accelerated growth.


They classified value chain integration into two (2) categories: Production phase considering the film production process in the industry the author feels that at every stage there should be proper control on different points of processing like film processing, editing and development and idea conception. The authors have divided the film production process into 4 categories:

**FIGURE 2.8: THE FILM PRODUCTION PROCESS**

- Conception of an idea
- Development of idea
- Market research
- Obtaining rights
- Signing tentative cast, crew
- Raising capital
- Screenplay breakdown
- Shooting schedule
- Location scouting
- Budgeting
- Casting and unions
- Equipment rentals
  - Permit, etc.

**POST - PRODUCTION**

- Editing
- Sound effects
- Music production
- Special effects
  - Mixing
- Blocking
- Lighting
- Final rehearsals
  - Shooting

Source: Film Production Management, Baston Cleve
The authors feel that development, pre-production, production and post production are the phases through which a film company or producer can develop a film in a proper manner. The delay in production is usually due to cost overrun and due to inadequate planning in the development stage itself. Lack of smooth funding during various stages of production, lack of funding, lack of importance given to post production in order to recover the money are the other reasons. The authors feel that if the producer of the film takes due care, his film production can become a corporatized and well planned and a systematic activity. The authors have also noticed that in terms of changing the distribution model film producers can help and they can gain a mileage in terms of profit and in terms reduction of distribution cost and in terms improving their network. According to the author changing distribution model is certainly very important aspects which will require following factors to be taken into account:

1. Establish producer command very high minimum guarantee leading to disproportionate risk - reward sharing if the film is not successful.
2. Distribution model of the future can become an infrastructure play model run by Utilities provider.
3. There is lack of reliable information on theatrical collection due to fragment the last mile which purported under reporting.
4. Many Theaters and Multiplexes are expected to be wired with the entry of utility Companies in the distribution sector.
5. Spiraling demand for content, a consolidated portion of its which is expected to be film content is expected to be a sparked of the digital phone revolution.

2.6 NEWSPAPER ARTICLES AND WEBSITES

1. In the Times of India dated November 26, 2010, Girish Kulkarni writer of award-winning Marathi movie ‘Vihir’ said that Bollywood fails to reach to the expectations of its audience. The audience definitely craves for more meaningful cinema and this is where regional cinema makes its way. The movie director of ‘Vihir’ Umesh Kulkarni said that increasing multiplexes with small capacity auditoriums have helped regional cinema. The Demand by audience has forced some theaters in Maharashtra to screen Marathi films and the fraternity is making good money at the box office.

2. In the Indian Express dated January 31st, 2008 Director Umesh Vinayak Kulkarni said that Marathi movies should look at avenues in the overseas markets by exposing the films to various film festivals across the globe.

3. In the CNN-IBN dated June 7th 2008 reported by Yogita Limaye, Marathi films are usually not considered to be crowd pullers by theater and multiplex owners. However, with the recent astounding success of Marathi film De Dhakka, many corporates are now stepping in to produce Marathi films. And theater owners are more than eager to screen them.
4. In the Hindustan Times dated February 10th 2010 by correspondent Rachana Dubey, Lead actor Atul Kulkarni of the movie Natrang said that the Marathi audience was ready for experimentation. Nitin Vaidya of Zee Talkies, the producers and distributors of the movie Natrang said that Marathi films have a longer shelf life and can run to packed houses for 12-15 weeks. Producer-director Mahesh Manjrekar attributes Marathi cinema’s revival to the multiplex culture. He said that earlier, single screens didn’t encourage sensible films.

5. In the Newspaper ‘Sakal’ dated 21st October 2010, Geerish Wankhede of Cinemax said that multiplexes have helped by releasing Marathi films with subtitles and giving them a simultaneous release across the state. We can digitally release any film across territories now, even released them in cinemascope. That has brought in bigger returns and better prospects for the industry in total.

6. In the Mumbai Mirror dated 21st July, 2010 Abhishek Bachchan said that Companies like Eros, UTV, UFO Moviez and even AB Corp are investing in Marathi cinema. Vihir will be the first Marathi film to be distributed by AB Corp. According to Siddharth Roy Kapur; UTV Motion Pictures that distributed HarishchandrachiFactory would now like to produce Marathi films. The content of Marathi movies is sensible and they make good business sense too.

7. Noted Actor and Director Sanjay Manjrekar in the Fimfare magazine of October 2009 believes distribution companies have made a difference to the way Marathi films were being marketed. He noted that Zee Talkies took the first step towards bridging the gap between Marathi cinema and cinema halls.

8. According to trade expert Sadik Chitalkar in the newspaper Lokmat dated 15th September 2009, last year, over 80 films were released. Right now, almost 50 films are on the floors and should release soon. The film has attracted several big filmmakers, film production and distribution companies to Marathi cinema. More money is being pumped into promotion, content is getting better and films are running to packed houses. Earlier Marathi films were making just Rs 4-5 crore a year. Today, it’s close to Rs 50 crore and the figure is expected to multiply.

9. In the Economics times dated 14th January 2009, Mr Omkar Sapre ET Bureau reports that after a dream run over the past two years, the Marathi film industry is now planning an overseas release for the first time. Concentrated in Maharashtra, the industry is currently sorting out logistical and regulatory issues to release its films in theatres overseas, simultaneous with their release in Maharashtra.

10. Bhavana Puljal of Televisionpoint.com in Mumbai on Monday - Sep 07, 2009 said that the producers of Marathi films have a reason to cheer as the state government has decided to withdraw the rule that made shooting of their films in Film City, Mumbai, or Chitranagari, Kolhapur, mandatory failing which they used to lose Rs 5 lakh from the Rs 30 lakh government subsidy. As per a government resolution (GR) issued last week, producers stand to lose only Rs 50,000 from the subsidy if they fail to comply with the rule pertaining to shooting locations. Since 2006, the Akhil Bharatiya Marathi Chitrapat Mahamandal
(ABMCM), the apex Marathi film body, had been opposing the rule that ate into a significant portion of the subsidy amount. A Marathi film, which is a producer's second, third or fourth production, receives a subsidy of Rs 30 lakh from the government.

11. According to Correspondent of Sakal dated January 12th 2010, In a bid to save Bharatmata- one of the cultural hubs of the city, Akhil Bhartiya Marathi Chitrapat Sanghatana and filmmakers from Marathi film industry have come together and decided to move the Bombay High Court against the National Textile Corporation's (NTC) eviction orders if there is no assurance from the state govt to acquire the land. Kapil Bhopatkar owner of the over 70-year-old theatre, which shows only Marathi movies, had approached the court in September 2002 appealing against an eviction notice issued by the National Textile Corporation (NTC) the same year. However, the court dismissed the petition and upheld the eviction notice of 2001. Mr Bhopatkar said Bharatmata is a popular hub for Marathi cine-goers. It should be saved from being demolished. Structures like these must be preserved. This is the only theatre that shows Marathi movies. The rates of the tickets are also very affordable and not like those charged in multiplexes. There is need for the state government to intervene in the matter and save the theatre.

12. In the Economics Times dated 9th May 2009 reported that the All India Marathi Film Federation (AIMFF) recorded a 42% year-on-year growth in revenues to Rs 100 crore in 2007, in 2008, the figure went up to Rs 135 crore across 65 films. AIMFF is now expecting to clock in revenues of at least Rs 160 crore in 2009. The battle of revenues and subsequent no release of Hindi films, has definitely helped Marathi films and, in turn, these films helped the theatres cover up some of their losses during this period. Marathi films are coming up with good subjects and they only succeed because they have a good script.

13. The Mumbai Mirror dated 10th May 2010 reports that the Marathi film industry, which was languishing since late 1990s, turned around in 2007. Young debutantes have brought in a whiff of fresh air with contemporary, socially relevant and meaningful topics for an increasingly urbanized Maharashtra audience. Film budgets have moved from Rs 30-40 lakh to reach over a crore, while marketing increased from 10% of the production cost, to 40%. From 10-20 prints and area-wise distribution earlier, producers are now releasing films statewide, with over 100 prints.

14. Sakaltimes dated Thursday April 1st 2010 reports that Marathi cinema relatively outshined big brother Bollywood in the first quarter of 2010 in terms of box office collections and critical appreciation. This has happened when Bollywood had as many as 66 releases as compared to 10 Marathi releases.

15. In the Business Line dated September 21st 2007, The Marathi film industry no longer wants to be seen as a second fiddle to Bollywood. Though it has few star attractions, the industry is re-examining itself and bringing in changes with respect to subject matter, technology adoption and overall presentation. Alongside, old actors too are making the progression to playing strong character roles. Mr Ajay Sarpotdar, President of Akhil Bharatiya Marathi Chitrapat Mahamandal of an all-India association of Marathi cinema said that Marathi People have to change with the times.
16. On Thursday, Jan 21, 2010, 0:44 IST by Neeta Kolhatkar in DNA reported that despite abutting the city’s Marathi heartland, it took Eros theatre at Marine Lines 72 long years to recognize the business potential in screening Marathi films. For the first time since it opened in 1938, the single-screen theatre has purchased screening rights for a Marathi film, Natrang, running three shows over the last weekend.

17. On the 18th March, 2010 Times of India reported that Marathi cinema is getting recognized globally. As if the global inroads that Marathi cinema is making were not enough, the industry has also come up with its first official website. Filmmaker Gajendra Ahire said that the quality of films nowadays has improved - technically as well as in other departments. The content is also up to international standards. Actress Mrunal Kulkarni said that it is a great pleasure to know that Marathi cinema is generating audiences worldwide. I mean, there are quite a few Maharashtrians abroad, and this is their way of getting a feel of their homeland. They want a flavor of their own state.

18. In the Indiantelevision.com dated 28th June 2008 posted by Gaurav Lagathe, senior Marathi producer Mahesh Kothare said that with the right kind of money, promotions and marketing, the Marathi movie market is growing very fast. Corporatization has been an added boon as they can easily spend over Rs 10 million in promotions. Being made on as low as Rs 6-7 million budgets, the business dynamics has turned favorable as Marathi general entertainment channels grow in number and are keen to lap up movie content. Satellite TV telecast rights for Marathi movies have surged, encouraging producers to increase their production pipeline. The average purchases of these rights for the popular movies have more than doubled," says a trade expert who is involved in such transactions. It is only after 2004, when Shwaas (which literally means breathe) gave a fresh lease of life to Marathi cinema. Even though Shwaas was sent to Academy awards, the producers had to hunt for money through charity shows to present the film there. Post Shwaas, however, the market started expanding. The awareness about Marathi cinema increased considerably with creativity in subject, promotion, distribution and technical advancements. Also in Maharashtra, the state government’s rule that every multiplex has to run Marathi movies has changed the fate of this market. But what has fuelled the growth is the entry of corporates into the market. The roster includes Zee Entertainment Enterprise Ltd (Zeel), Reliance and Mukta Arts.

19. In the Hindustan Times dated 1st December 2009, Actor-director Amol Palekar says he is happy with the fact that Marathi cinema is back in the reckoning after being overshadowed by Bollywood movies for years. According to him Marathi cinema has been in conflict and had to bear the direct brunt of Bollywood and masala films. It is really wonderful to see where Marathi cinema is today. It occupies the position that Bengali cinema and Malayalam cinema once had - the spearhead of non-mainstream cinema. Palekar felt that Bollywood movies obstructed the growth of Marathi films.

20. In the newspaper DNA dated Sunday, Aug 23, 2009, Anirudha Guha reports that Mr Amol Palekar intends to take the film beyond the usual Marathi-speaking audience. Reliance’s Big Pictures will be distributing the film thus Palekar feels freed from the headache of marketing it. He says that Marketing is not one of his strong points. His focus is more on making a good, sensitive film. Palekar believes that his films have a devoted audience. Otherwise, making Marathi films is quite a task, as we also have to compete with Hindi mainstream films. Mumbai is the most difficult place for a regional filmmaker to
survive. He said that a big budget Hindi film spends Rs7-10 crore only on television promotions

21. According to the report in the DNA paper dated August 25th, 2010 by Shubhangi Khapre, the state government has decided to make it mandatory for multiplexes in the city to give Marathi films prime time slots. Under new guidelines, multiplexes stand to lose their licenses if they treat Marathi cinema as secondary to other cinema. The government’s move is likely to take the steam out of the Shiv Sena and Maharashtra Navnirman Sena (MNS) campaign to promote their Marathi agenda through the issue. It has warned both the parties to desist from taking the law into their own hands. However, it stopped short of issuing any directives to the police in this regard. Home minister RR Patil said that hereafter, it will be mandatory for all 27 multiplexes in Mumbai to give Marathi cinema prime time slots. The permission for new multiplexes will be sanctioned only if they dedicate a separate screen entirely to Marathi cinema.

22. According to the report on the August 25th 2010 in the newspaper Hindu, Mr R.R. Patil, Home Minister of Maharashtra said that the Multiplex and single-screen theatres in Maharashtra will have to screen at least 112 shows a year of Marathi films. Otherwise their yearly license to exhibit films would not be renewed under any circumstances. He added that under the 1968 rule of Bombay Cinema Regulation Act it is legally binding on the owners to screen the stipulated numbers of Marathi films. Mr Patil said that the exhibitors will also have to give advance notice to the film producers about screening dates. So that the producers can plan their publicity and marketing policy. He said that in Mumbai from January to June only three multiplexes out 27 have not been able to achieve the 122 mark.

23. According to the news in DNA newspaper on 12th April, 2006 after winning a couple of state and national awards, along with the honour of being India’s entry to the Oscars last year, Marathi film Shwaas has set a new trend. More and more producers, including non-Maharashtrians, are trying to make quality Marathi films despite poor distribution network and marketing strategies.

24. THE TIMES OF INDIA; August 28, 2010 reported by Bharati Dubey, Payal Gwalani & Parvathy Gopalakrishnan says that despite all the sound and fury created by the Shiv Sena and the MNS over multiplexes failing to screen Marathi films, the first day, first-show of two films—‘Paradh’ and ‘Navra Awali Baiko Lovely’—failed to garner a response from Mumbaikars. Film writer Dilip Thakur feels that the Marathi film industry needs to go the Bollywood way when it comes to promotion and marketing. There is a need to create hype and generate curiosity so that people are willing to spend money and go to multiplexes. Those Marathi films like ‘Natrang’ and ‘Mee Shivaji Raje Bhosale Boltoy’ were well-marketed and raked money at the box office.”

25. India server.com dated 1.12.2010 reported that Megastar, Amitabh Bachchan will be free in a week’s time from ‘KBC’ and this month; he will be attending the first Marathi International film and Theatre Awards to be held in Dubai from December 16 to 18. Bachchan wrote on his blog, “Apart from honoring our presence there, they also wish to honor our film ‘Vihir’ which is in competition. Incidentally, those that did not know, ‘Vihir’ has won almost all the plaudits in all the prominent film festival fraternities of the world. Mahesh Manjrekar is the brain child behind taking the Marathi cinema across international boundaries, he also directed Big B’s AB Corp’s ‘Virudh’ some time back. The MIFTA is a three day event and it will take place from December 16 to 18, showing almost 13 of the hit Marathi movies’
26. PTI November 22\textsuperscript{nd} 2010 reported that Marathi International Film and Theatre Awards (MIFTA) will take place in Dubai this year providing a global platform to Marathi movies and theatre. Modelled on the lines of International Indian Film Academy (IIFA), MIFTA is the brainchild of noted actor and filmmaker Mahesh Manjrekar and will be organised in association with well known tours and Travel Company Raja Rani Travels. Manjrekar said the event would be a three-day affair beginning from December 16 to 18. The awards ceremony would be held on December 17. "It is not just an awards ceremony, but an experience to remember," Manjrekar said adding that Salman Khan, Ashutosh Gowariker, Marathi actor-filmmakers Sachin Pilgaonkar, Mahesh Kothare, Keda Shinde, Vijay Kenkre, Jayant Pawar, Shafaqat Khan are members of the jury to decide on the MIFTA nominations which would include technical and popular awards. Manjrekar said apart from Marathi films and artistes who have carved a niche for themselves in Marathi as well as Hindi film industry.

27. www.bollywoodhindimovies.com reported that Shahrukh said that I am not favoring any political party when I am saying this but as a film person, I have always wanted regional cinema to flourish. The best of stories are told in regional films and it is our duty to provide them with the platform they need. As far as financial issues are concerned, the theatre owners need to sit down and chalk out a plan that would be mutually agreeable to both parties. Lot of times people don’t watch these films because they don’t understand the language so it is important that subtitles are introduced. Marathi films or any regional films should be shown at prime time. Shahrukh is still unable to speak the language of the state, sounding apologetic the superstar stated, “I am living in Mumbai for the past 20 years but I haven’t learnt the language completely. I do know how to speak, ‘Maaza Naav Shahrukh Khan Aahe’ (My name is Shah Rukh Khan) or ‘Pudhe gatirodhak aahe’ (speed breaker ahead) but I am learning from my children who speak Marathi well.

28. Acclaimed director Dr Jabbar Patel explains the reasons behind the change, “The kind of Marathi cinema that is being made today is very fresh and different. This is thanks to directors and writers getting exposed to world cinema via television, film festivals etc. They are coming up with new storylines and innovative concepts. Actor Mrunal Kulkarni remarks, “There is a lot of content and variety in Marathi films. A lot of bold subjects have been handled well by them. They carry a lot of substance.” But, she added that we need to start watching a lot more Marathi films. Until we see the films ourselves, we will never be able to appreciate them when they are sent to the Oscars.