CHAPTER 4
MARKETING STRATEGY IN DAIRY PRODUCTS SEGMENT
## MARKETING STRATEGY IN DAIRY PRODUCTS SEGMENT

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Marketing Strategy is a series of integrated actions leading to a sustainable competitive advantage

John Scully
CHAPTER - 4

MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

Marketing is the core of any activity. Infact all the marketing plan are designed and developed on pre plan marketing strategy. Marketing strategy holds the key to success for any organization irrespective of any industry. All the efforts are product, price, place and promotion revolved around marketing strategy.

The marketing strategy, take care of segmenting, targeting and positioning of products. Depending upon prevalent industry scenario and organizational resources the strategy is designed. Thus appropriate marketing strategy strikes balance between potential growth and organizational resources, so as to maximize the profit for the organization.

4.1 MARKET TARGETING:

Market targeting is the process of fixing one's target market. It should not be considered synonymous with market segmentation. The two concepts are significantly different from each other. Market segmentation is actually the prelude to target market selection. The marketing man normally carries out several tasks in addition to segmentation before selecting the target market. Essentially, he carries out a thorough evaluation of the various segments and selects those segments that are most appropriate to him. In the preceding paragraph, we mentioned, that to be of practical use, the segments must be relevant, accessible, sizeable and profitable. The evaluation of the different segments has to be actually based on these criteria and only on the basis of such an evaluation should the
target segments be selected. The marketing man must assess the sales potential and profit and profit potential of each segment; he must evaluate the worth of each segment from his firm's viewpoint - Whether the segment is relevant to his firm, whether it is sizeable, whether it is accessible and whether it is attractive and profitable. He must examine alternative possibilities - whether the whole market has to be chosen for tapping or only a few segments have to be chosen and if so, how many and which ones. He can look for segments, which are relatively less, satisfied by the current offers of competing brands. He can look at each segment as a distinct marketing opportunity. He must also evaluate his company resources and try to match the resources for putting the required marketing programmes for capturing the segments.

Segmentation and Target Market Selection are related to Marketing Strategy Formulation:

Market segmentation and target market selection are closely related to marketing strategy formulation. Market segmentation is the prelude to target market selection and the later is the prelude to strategy formulation. While segmentation and target market selection may not, by themselves, ensure marketing success, they make a vital contribution to it by facilitating the formulation of effective marketing strategies. Segmentation provides vital knowledge about the difference among the customer segments. Using this knowledge, the firm develops and implements distinctive marketing programmes to match the target requirements of the different customer segments. It is segmentation that leads the firms to the acquisition of a 'competitive capability' of a distinctive excellence in catering to the specific needs of target segments of the market. Target market selection and marketing strategy formulation have intimate linkages. Once the target market is selected, the target
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

market by itself decides the rest of the marketing strategy formulation. All the elements of the strategy have to take their cue from the target market. They are intended to serve the target market; and they have no existence outside the target market.

Gaining Competitive Consciousness and Scoring over Competition is the Purpose of Marketing Strategy:

We had explained at the beginning of this chapter that the main aim of marketing strategy is to cope with competition. After discussing in detail the various ramification of marketing strategy in the preceding pages, we have to now return to the same basic theme. Undoubtedly, it is competition that necessitates strategy. Coping with competition is the main aim of strategy. By the same token, it can also be said that in a marketing environment that is devoid of competition, the scope and need for strategic planning and marketing strategies will be less. It is the presence of competition that primarily renders the marketing task strategic in character. Only in a competitive market, a firm has to necessarily move out, study its competitors and move its policies, people and products in a combat like action i.e. in a strategic manner. Strategy will help the firm acquires a competitive consciousness. Since business growth is achieved primarily through such a competitive consciousness, strategy also becomes fundamental to achieving growth in any business steeped in competition. Marketing strategy essentially represents the competitive posture of the firm in the market.

4.2 MARKETING STRATEGIES FALL UNDER TWO GENERIC CATEGORIES:

- Price Based Strategies
- Differentiation Based Strategies
We have seen that selecting the target market and assembling the marketing mix formulates marketing strategy. We have also seen that the marketing mix elements can be assembled by a firm in many different ways and that the relative weightage of the different elements will be different in the different combinations. And only because of this reality, business firms are employing an abundance of strategies and strategy stance. It is a relentless race to stay ahead of competition. Basically however, there are only two broad routes available for forging marketing strategies. These routes are the price route and the differentiation route. In other words, ultimately any strategy has to be either a price-based strategy or a differentiation-based strategy. We shall see the basic difference between the two.

Companies taking to the price route compete on the strength of their pricing and the price cushions they enjoy. Normally, those who resort to the price route and compete on price will enjoy substantial cost advantage, giving them flexibility in price and marketing. The differentiation route to strategy on the other hand, revolves around elements other than price. The product with its innumerable features is one of the major source of differentiation. In fact any one of the so many activities performed by the business unit can constitute the nucleus for differentiation. In other words, differentiation allows the company the freedom and flexibility to fight on the non-price front. Differentiation therefore is a crucial option for a firm in its search for a rewarding marketing strategy. A good majority of business battles are in fact fought with a differentiation based strategy rather than a price strategy. The words over some of the best marketing wars have been fought on the basis of differentiation strategy. The major temptation also the major benefit in restoring to the differentiation strategy is that it allows the firm to move away from the disadvantage of a wholly price based competition.
Let us now examine the details relating to these strategies.

A. PRICE BASED MARKETING STRATEGY:

As already mentioned a business unit that opts for the price route in its competitive battle will enjoy certain flexibilities in the matter of pricing of its products and use price as the main competitive lever. It will price its products to suit the varying competitive demands. It will be enjoying certain inherent cost advantage which, permit it to resort to a price based fight. Such cost advantages may emanate from several activities/ area of operation. The major areas from where such cost advantages can accrue are: economies of scale, absolute cost advantages, benefits of early entry, a large market share built over a period of time, corporate synergy in major activities like production and marketing of different businesses, etc. Such benefits provide the firm vast freedom in the matter of pricing, it may go in for a proactive pricing, a reactive pricing, product bundling or unbundled pricing or a product line pricing or it may even go to the extent of pricing across businesses and markets where the fights are global in character. Since the entire stake in built around pricing, a firm opting for this route, is ever vigilant to exploit every opportunity to extract a cost advantage. A firm resorting to the pricing route to competitive strategy should be enjoying in the overall sense, a cost leadership within its industry. Such a firm will enjoy a low cost position which yields above average returns in its industry, in spite of strong competition. The unit will have efficient economies of scale. It will always be looking for cost reduction through different routes: experience curve effects, cost control, dropping unprofitable customers/segments, minimal cost in R&D, just in
time inventory, etc. And with the cumulative support of all these
factors, it fights on the cost/price front.

To resort to price led strategies a business unit should have
consciously taken to that route fairly in its evolutionary process.
After producing a particular product and getting stuck in the face of
competition one cannot successfully opt for a price led strategy.
Conscious cost reduction programmes, a steady pursuit of
automation, a constant vigil to exploit learning curve effects, search
for cost effective technologies/ processes as well as a corporation-
wide commitment to cost reduction are essential prerequisites for a
price led strategy to succeed. Without obtaining a cost leadership in
the concerned industry through restoring to such steps early on, it is
difficult to compete on the basis of price. The point to be highlighted
is that for opting for the price route one should have built up
sustainable and long-term sources of cost advantage.

B. DIFFERENTIATION BASED MARKETING STRATEGY:

Marketing strategy based on differentiation works on the principle
that any aspect of the offer and any activity of the firm can be made
distinctively compared with the comparing offers. From the simplest
of commodities to the most sophisticated of products and services,
the scope for differentiation is tremendous.

C. DIFFERENT FIRMS ADOPT DIFFERENT STRATEGY STANCES
AS THEIR SITUATIONAL DESIGNS DIFFER:

In the market place, different firms take different strategy stances.
This is but natural. As long as their situational designs and
consequently their specific requirements of strategy differ from each
other, they will evidently follow different strategy stances. One firm
may find it appropriate to have a direct confrontation with the
market leader; another may find it appropriate to keep aloof for
some time from the heat of competition; the third may find it relevant to chalk out a strategy of sheer survival. It is essential to understand that there is no universally valid strategy stance. It is so because the various firms do not share the same situational design. Companies draw relevant elements from both price and differentiation route and forge unique strategies to suit their unique situational design and relative position in the industry.

Broadly these strategy stances can be classified under three heads. These heads are Offensive/Confrontation strategy, Defensive strategy and Niche Strategy.

- **Offensive Strategy**: Offensive strategy, also known as confrontation strategy, as a name indicates, is a strategy of aggression/confrontation. An offensive strategy is usually employed by a firm that is not presently the leader, but aspires to leadership position in the industry. It is normally the No. 2 No. 3 or new contestant in the industry who resort to each a strategy. The crux is that the firm adopting an offensive strategy automatically assumes the position of the challenger, the leader mostly, is its target of attack. The challenger aggressively tries to expand his market share and utilities all the elements of the marketing mix in attacking the leader. He can be offensive in price with daring price cuts; he can be offensive in product strategy by supplying superior products or enlarging the variety of products supplied; he may opt to provide superior service; he may choose better channel motivation; he may be aggressive in advertising and sales promotion. Usually, a strong offensive strategy has all these elements blended suitably. A challenger can attack the leader either by copying the leader’s strategy, trying to be one up in the same route, or by adopting a totally different strategy.
A firm must have some strong and sustainable competitive advantage to follow an offensive strategy and be an effective challenger. It must also have the capacity to neutralize the leader’s competitive advantage. In the textile business Reliance Textiles adopted a confrontation strategy and Titan adopted a confrontation strategy in the watch business. In the case studies that follow on Reliance and Titan we are taking about the confrontation strategy adopted by these companies.

- **Defensive Strategy:** A defensive strategy is usually employed by the leader who has compulsion to defend his position against the confrontation of powerful existing competitors or strong new entrants trying to dislodge the leader from his top most position. The leader’s concern is: how best can I, defend my position? The leader cannot assume that its position in the industry is safe and its job, easy. It has to maintain constant vigilance and defend its position against the attack of the challengers because in any industry challengers keep appearing. For example, in the moulded luggage market, VIP had to defend itself against Aristocrat, in the detergents market Surf had to defend its position against Nirma, in watch market, HMT had to defend itself against Titan, in the toothpaste market Colgate had to defend itself against Promise.

A major point in defensive strategy is that the leader trying to defend his leadership must have a strategy that helps expansion of the total demand of the industry so that he can keep growing despite the challengers continuously nibbling his market share. Existing users can achieve by finding new user or by increasing the usage market expansion. The leader also tries to increase his market share even when industry demand remains at a constant level. Continuous innovation is another element of the defensive
strategy of a leader. The leader leads through innovation; the challengers would need time to catch up. The leader also defends by ensuring that all his flanks are well covered and the challenger does not easily attack him from the side, unaware, in business too, the best way to defend is through building an impregnable fort around one’s territory. The best defensive strategy is the one that banks on continuous gaining of competitive advantage so that the challengers are frustrated and constrained. The leader can also create entry barriers and make entry/mobility difficult for the challengers. He may also get frustrated and constrained. He may also get frustrate his challenger by making challenging unattractive, he may lower his prices foregoing a part of his profits. The points are that the defender can defend himself against the challenger in a variety of ways.

❖ Niche Strategy: A firm practicing the Niche strategy neither confronts other nor defends itself. It cultivates a small market segment for itself with unique products/service, supported by unique marketing mix. These segments will be too small to attract big competitors. Normally, smaller firms with distinctive capabilities adopt niche strategy.

In niche strategy, specialization is the key. A nichier, being a relatively smaller firm in the industry finds it advantageous to serve a part of market, specialized in some way. A nichier may serve some specific customer or some specific uses; he may curve out his niche on the basis of his strength in a specific territory; he may achieve his distinction through his superior service; or he may specialize in one or two products and concentrate his efforts on them unlike the larger player who gives attention to a large variety of products.
A market niche to be worthwhile must have characteristics such as reasonable size, reasonable profit potential and reasonable growth potential. The firm must have the capabilities to serve the niche effectively and profitably. After a while, even niche gets attacked by other nichers.

4.3 MARKET MIX:

Marketers use numerous tools to elicit desired response from their Target markets. These tools constitute a marketing mix.

“Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market”.

McCarthy classified these tools into four board groups collectively know as the four P’s of marketing.

- Product
  - Packaging
- Price
- Place
- Promotion

According to Stanton, marketing mix is a combination of four elements Product, Pricing Structure, Distribution System and Promotion activities used to satisfy the needs of an organization’s target market and at the same time, achieve the marketing objectives.

The basic purpose of determining the marketing mix is to satisfy the needs and wants of the customers in the most effective manner. As the needs of the customers and the environmental factors change, the marketing mix is also changed. Thus, marketing mix is a dynamic concept. It concentrates on how to satisfy the needs of the customers.
Marketing mix is the marketing manager's instrument for the attainment of marketing goals. The 4P's constitutes the core of the marketing system of a firm. A marketing manager implements his marketing strategies and policies through these instruments.

A. IMPORTANCE OF MARKETING MIX FOR A BUSINESS FIRM:

- One of the major marketing objectives of a firm is to carve a niche for itself in the market. It is the creation of a competitive strength, which competitors find it tough to neutralize. It is like a fortress for defence against the competitors' onslaughts, also the base for launching attacks on them. This unique position is attained through the formulation and the marketing manager for gaining the differential competitive advantage in the market uses implementation of an effective marketing mix, thus marketing mix.

- Marketing Mix serves as the link between the business firm and its customers. It focuses attention on the satisfaction of customers. Thus, it helps in pursuing consumer oriented marketing.

- Marketing Mix facilitates meeting the requirements of different types of customers. Product design, Pricing, Promotion, distribution will depend upon the needs and purchasing power of the customers. Since marketing Mix takes care of the needs of the customers, It helps in increasing sales and earning higher profits.
B. THE FOUR P COMPONENTS OF THE MARKETING MIX:

Since then, the terms Marketing Mix and four Ps of Marketing have come to be used synonymously. In each of the Marketing Mix elements of the Four Ps - Product, Place Promotion and price - there are several sub-elements. For example, packing is one of the sub-elements of Product and transportation is one of the sub-elements of Place or Distribution. The complete set of Marketing Mix elements and sub-elements is presented in the chart below:

<table>
<thead>
<tr>
<th>MARKETING MIX</th>
<th>PRODUIT</th>
<th>PRICE</th>
<th>PLACE</th>
<th>PROMOTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Product</td>
<td>List Price</td>
<td>Channels</td>
<td>Sales Promotion</td>
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<td>Discount</td>
<td>Coverage</td>
<td>Advertising</td>
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<td>Allowances</td>
<td>Assessments</td>
<td>Sales Force</td>
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<td>Payment</td>
<td>Locations</td>
<td>Public Relations</td>
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<td>Period</td>
<td>Inventory</td>
<td>Direct marketing</td>
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<td></td>
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<td>Credit Terms</td>
<td>Transport</td>
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<tr>
<td></td>
<td>Brand Name</td>
<td>Warranties</td>
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<tr>
<td></td>
<td>Packaging</td>
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<td>Sizes</td>
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<tr>
<td></td>
<td>Warranties</td>
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</tbody>
</table>

- Product
  - Packaging
- Price
- Place
- Promotion
C. MARKETING MIX VARIABLES/ FOUR P’S OF MARKETING:

Marketing mix variables are the variables of four p’s of marketing as fellows:

❖ **Product Variables**
- Product mix and product line
- Quality, features, appearance size and warranty of products
- Packing, type, materials, size, appearance and label
- Branding and trademark
- New Products

❖ **Price Variables**
- Pricing policies, levels of prices, levels of margins, discounts and rebates.
- Terms of delivery, payments term, credit terms and installment facilities
- Resale price maintenance

❖ **Place Variables**
- Channels of distribution, type of intermediaries, channel design, location of outlets, channel remuneration and dealer – principal relationship.
- Physical distribution, transportation, warehousing, inventory levels, order processing etc.

❖ **Promotion Variables**
- Personal Selling: Objectives, levels of effort, quality of sales force, cost level, level of motivation
- Advertising: Media mix, budgets, allocations and programmes
- Sales promotional efforts, display, contests, trade promotion
- Publicity and public relation
4.4 PRODUCT:

A product is anything that can be offered to a market to satisfy a want or need -

- Products that are marketed include physical goods, service, experiences, events, persons, place, properties, organization, information and ideas.

- Product is a very key element in the market offering. Marketing Mix planning begins with formulating and offering to meet target customers needs or wants. The customer will judge the offering by these basic elements - Product features and Quality, Service Mix and Quality and Price appropriateness.

A. PRODUCT LEVELS:

In planning its market offering, the marketer needs to think through five levels of the product. Each level adds more customer value, and the five constitute a customer value hierarchy.

**Anatomy of a Product**

- Potential Product
- Augmented Product
- Expected Product
- Basic Product
- Core Product
- The most fundamental level is the 'core benefits' means what the product means to the customer or the fundamentals services or benefit that the customer is really buying. Marketers must see themselves as benefit providers.

- At the second level, the marketers have to turn the core benefit into basic products. Basic Product means triangles specification i.e. features, colour, design quality, size, weight, materials, used in making the product, durability operating resources and price.

- At the third level, the marketers prepare an expected product, a set of attributes and conditions buyers normally expect when they purchase the product.

- At the fourth level the marketers prepare an augmented product that exceeds customer expectations. Augmented features include company name, brand image, and warranty/guarantee for the whole machine or specific parts. It may include dimensions like delivery, easy accessibility credit, packing, and repair/service facilities.

Today’s competition takes place at the product augmentation level in less developed countries; competition takes place mostly at the expected product level. Product augmentation leads the marketer to look at the user’s total consumption system: The way by user performs the tasks of getting, using, fixing and disposing the product.

Some point should be noted about product augmentation strategy first each augmentation adds cost. The marketers have to ask whether customers will pay enough to cover the extra cost.

Second, augmented benefits soon become expected benefits. This means that competitors will have to search for still other features
and benefits. Third as companies raise the price of their augmented product. Some competitors can offer a stripped down version at a much lower line.

- At the fifth level stands the potential product, which encompasses all the possible augmentations and transformations the product might undergo in the future. It is that the companies search for few ways to satisfy customers and distinguish their offer.

B. PRODUCT MIX:

One of the reliabilities of business is that most firms deal with multi products. The helps a firm diffuse its risks across different product groups. Also, It enables the firm to appeal to a much larger group of customers or to different needs of the customer group. The number of products carried by a firm at a given point of time is called its Product Mix. The Product Mix contains product line and Product items. In other words it's a composite of Product offered for sale by a firm.

- **Product Line:** This consists of different Products that are closely related to each other in the sense, that they satisfy a particular class of needs or are used together or are distributed through the same channels or possess common physical or technical characteristics. In other words, a product line refers to a group of products clubbed together because they have one of the above-described characteristics in common.

The number of product lines carried by a firm at a given point of time is a function of its resources and competitive position.
Breadth, Depth and Consistency: Associated with Product Mix are issues like breadth, depth and consistency. Breadth in product mix refers to the number of product items and their variations (like size, packing, colours etc.) offered in each Product Line.

Consistency in Product Mix is the degree of similarly between product line in end use, technology and production techniques, distribution channel etc. This element of consistency is based on its strengths and its resources position.

The idea Product mix is an issue that varies from firm to firm, it may be hard to define. Following situations may suggest that the firm has a sub optional product mix:

a. Excess capacity in firm’s manufacturing, warehousing or transportation facilities.

b. High proportion of profits from a small percentage of product items

c. Insufficient use of sales force contacts and skills

d. Steadily declining sales or profits.

C. PRODUCT STRATEGIES:

Product strategies are as fellows:

- Expansion of product Mix
- Contracting or dropping the product
- Development of new user for existing products
- Develop the of existing products
- Trading up and trading down

D. TOTAL PRODUCT PERSONALITY AND ITS COMPONENTS:

The Total Product Personality and Its Components are Core or the Basic Constituent, Associated Features, Brand Name, Package and Labeling.
The Core or the Basis Constituent: The core or the basic constituent of the product is the first component in the total personality of any product.

The Associated Features: A product contains several associated features besides the core constituent.

The Brand Name: A brand name is defined as "name, term, symbol or design or a combination of them which in intended to identify the goods and services of one seller or groups of sellers and to differentiate them from those of competitors". A trademark is a brand that has been given legal protection thus ensuring it's exclusively use by one seller. Trademark is thus a legal term, while brand is a marketing term.

The Packaging: The package is another important component of the product personality. The package performs two essential roles:

- Giving protection to the product.
- Adding to the esthetics and sales appeal of the product.

Packaging is also a major tool in sales promotion. The material of the package, the colour, size of the package, labeling on the package, finishing of the package, the possibilities of reusing the package, all influence the total sales appeal of the product. The power of good packaging or prompting on the spot purchases is very substantial.

The Labeling: A label provides written information about product. Labeling helps the buyer to understand the nature of the product, its distinctive features, its composition, its performance etc.

E. THE CONCEPT OF THE PRODUCT LIFE CYCLE:

To say that a product has a life cycle is to assert four things:
- Products have a limited life
- Product sales pass through distinct stages, each posing different challenges, opportunities, and problems to the seller.
- Profit rise and fall at different stages of the product life cycle.
- Products require different marketing, financial, manufacturing, purchasing and human resource strategies in each of the life cycle.

F. PRODUCT LIFE CYCLE STAGES:

Product life cycle is divided into four stages, these stages are as follows:

❖ **Introduction**: A period of slow rate of sales growth as the product is introduced in market. Profits are non existent in this stage because of the heavy expenses incurred with product introduction.

❖ **Growth**: A period of rapid market acceptance and substantial profit improvement is called growth.

❖ **Maturity**: A period of a slowdown in sales growth because the product has achieved acceptance by most potential buyers is normally known as Maturity. Profits stabilize or decline because of increased competition.

❖ **Decline**: The period when sales show a downward drift and profit erode.
CHAPTER 4

GRAPH NO.: 4.1

PRODUCT LIFE CYCLE
## TABLE NO. 4.1
### SUMMARY OF PRODUCT LIFE CYCLE
**CHARACTERISTICS, OBJECTIVES & STRATEGIES**

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Introduction</th>
<th>Growth</th>
<th>Maturity</th>
<th>Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>Low</td>
<td>Rapidly Rising</td>
<td>Peak</td>
<td>Declining</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td>High Cost per Customer</td>
<td>Average Cost per Customer</td>
<td>Low Cost per Customer</td>
<td>Low Cost per Customer</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td>Negative</td>
<td>Rising</td>
<td>High</td>
<td>Declining</td>
</tr>
<tr>
<td><strong>Competition</strong></td>
<td>Few</td>
<td>Growing Number</td>
<td>Stable Number Beginning To Decline</td>
<td>Declining Number</td>
</tr>
<tr>
<td><strong>Marketing Objectives</strong></td>
<td>Create Product Awareness And</td>
<td>Maximize Market Share</td>
<td>Maximize Profit While Defending Market Share</td>
<td>Reduce Expenditure &amp; Milk the Brand</td>
</tr>
<tr>
<td>Characteristics</td>
<td>Introduction</td>
<td>Growth</td>
<td>Maturity</td>
<td>Decline</td>
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</tr>
<tr>
<td><strong>Product</strong></td>
<td>Offer a Basic Product</td>
<td>Offer Product Extensions, Service, Warranty</td>
<td>Diversity Brand &amp; Items</td>
<td>Phase Out Wear Models</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td>Charge Cost Plus</td>
<td>Price to Penetrate Market</td>
<td>Price to Match or Best Competitors</td>
<td>Cut Price</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td>Build Selective Distribution</td>
<td>Build Intensive Distribution</td>
<td>Build More Intensive Distribution</td>
<td>Go Selective Phase Out Unprofitable Outlets</td>
</tr>
<tr>
<td><strong>Advertising</strong></td>
<td>Build Product Awareness Among Early Adopters &amp; Dealers</td>
<td>Build Awareness &amp; Interest in the Mass Market</td>
<td>Stress Brand Difference &amp; Benefits</td>
<td>Reduce to Level Needed to Retain Hard Care Loyal</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>Use Heavy Sales Promotion to Entice Trial</td>
<td>Reduce to Take Advantage of Heavy Consumer Demand</td>
<td>Increase to Encourage Brand Switching</td>
<td>Reduce to Minimal Level</td>
</tr>
</tbody>
</table>
H. FACTORS INFLUENCING CHANGE IN PRODUCT MIX:

It is very difficult for a concern to take a decision about the number of products it should produce at a given time because the number of products or products mix is affected by several factors such as demand, competition, cost of product, appropriate time etc. In short the following factors influence the decision of product mix.

❖ The change in the demand of product affects the decision of product mix: If the demand of a new product is increasing in the market and the production of that new product is beneficial to the company considering its cost of production, utilization of its plant and machinery and labour-force, and if it thinks that it can
compete its competitors, it can start production of the new product. Likewise, if the demand of a product is declining fast, it can decide to drop its production.

❖ **Cost of production:** If the company can develop a new product with the help of the same labour force, plant and machinery techniques, it can decide to start the production of that product at lower cost. For example, a company at low cost can develop a by-product.

❖ **Quantity of production:** If the production of the new product is considered to be at a large scale and the company can add one more item to its product line just to get the economies of large scale production.

❖ **Advertising and distribution factors:** Advertising and distribution factors may be of the reasons for the change in production mix. If the advertising and distributing organization are the same, the company may take the decision to add one more item to its product line. For example, company can produce one more product if the same raw materials are used in its production. A company producing the suitcase may add production of Holdall or Attache-case and the advertising and distribution cost will not increase at all or it may increase marginally in introducing the product in the market.

❖ **Use of residuals:** If residuals can be used gainfully, the company can develop its by-products into the main products. For example, a sugar mill can develop the production of paper, cardboard or wine from the bagasse profitably.

❖ **Change in company desire:** Keeping in mind the objectives of the firm, i.e., maintaining or increasing the profitability of the concern, the firm may eliminate some of its unprofitable
processes or may start the process of producing a new product. In this way, the firm tries to make its product mix an ideal one.

- **Competitor’s action and reactions**: The decision of adding or eliminating the product may be the reaction of competitors’ actions. If the company thinks that it can meet the competition well by adding new product it can decide to produce the product.

- **Change in purchasing power or behaviour of the customers**: If the numbers of customers are increased, with the increase in their purchasing power or with the change in their buying habits, fashion etc. The company may think of adding one more product keeping mass production or increase in profitability in the mind.

- **Full-utilization of marketing capacity**: If the efforts of the marketing is not being utilized the full capacity of the marketing, the company may start the production of another product in order to utilize the marketing capacity fully. In this way, company may be able to reduce its marketing cost.

- **Goodwill of the company**: If the company has goodwill, it can take decision of adding new product without any hitch because it knows that customers will accept any product introduced by the firm. For example, if a new product is introduced by the Hindustan Lever Limited, It will gain favour by the customers over competitor’s product and it is only because of the goodwill of the firm in the market of consumer products.
THE LATENT FACTORS BEHIND MARKETING SUCCESS OF ANY NEW PRODUCT

The Latent Factors behind Any Marketing Success

- Differentiation Uniqueness
- Distribution Reach
- Price-Value Equation
- The Successful Brand Launch
- Fit With Internal/Strategic Objectives
- Consumer Sensitivity
4.5 PRICE

1950’S
PRICE = COST + PROFIT

1975’S
PRICE = RUPEE EQUIVALENT TO THE PRODUCT

1990’S
PRICE = WHAT THE CONSUMER IS WILLING TO PAY

2000 ERA
PRICE = WHAT YOUR COMPETITOR IS OFFERING

21ST CENTURY
PRICE = PERCEIVED VALUE
Pricing is undoubtedly one of the most important decision areas in marketing. All profit and non-profit organization set prices on these products or series according to their objectives. Generally the definition of pricing will be ‘amount of money we must sacrifice to acquire something we desire’.

Numerically the formula of pricing is

\[ \text{Price} = \frac{\text{Quantity of money or goods/services received by seller}}{\text{Quantity of goods and services received by the buyer}} \]

History says, buyers and sellers negotiating with each other set prices. Seller would ask for a higher price than they expected to receive and buyers would offer less they expected to pay. Through bargaining they would arrive at an acceptable price.

Price is the only element is marketing mixes that produce revenue. In a market economy, the price systems allocates resources and determine how these products and services should be produces and prices determine for whom the products and services should be produced. Thus prices effects incomes and spending behaviour for the consumer with a given income level, prices influences what to buy and how much of each products to buy for business firms. Profits are determined by the differences between their revenues and their costs, their revenues are determined by multiplying price per unit sold to the member of unit sold.

The faster and most effective way for a company to realize its maximum profit is to get it’s pricing right. The right price can boost profit faster than increasing volume wills the wrong price van shrink, it fast as quickly. Getting the price right is one of the most important responsibility of a marketing manager.
A. FOUR BASIC RULES FOR PRICING:

These are the four rules of pricing:

- Know your cost
- Know your demand
- Know your competitor and your market
- Know your objectives

B. THE THREE LEVELS OF PRICE MANAGEMENT:

The price can be managed at following three levels:

❖ Industry Supply and Demand: At higher level of price management, the basic laws of economics come into play. Changes in supply, demand and costs have real effects on industries price level

❖ Product Market Strategy: The central issue here is how customer’s perceive the benefit of products and related services across available suppliers. If a product delivers more benefits to customers then the company can usually charge higher price over its competition.

❖ Transactions: At this level of price management is critical, how to manage the exact price charged for each transaction.

C. INFORMATION REQUIRED FOR PRICE SETTERS:

Following information are required for setting price:

❖ Internal Information:
  - Objective of firm
  - Capability of firm
  - Market share
  - Image of firm
Information Regarding Product:
• Production cost
• Production task
• Transportation
• Storage cost
• After sale service

Information regarding market:
• Competitor’s list
• Competitor’s product
• Competitor’s product price
• Competitor’s distribution channel

D. WAY TO CHANNEL PRICE:
• To change the quantity of money or goods and services to be paid by the buyers.
• To change the quantity of goods and services provided by the sellers.
• Price can be changed by changing the premium or discount to be applied for quantity variation.
• Changing the time and place of transfer of ownership.
• Place and time of payment can be changed.

E. GUIDELINES FOR BETTER PRICING DECISIONS:
For better pricing decisions following steps be adhered to:

Set consistent objectives:
I) Make sure that operating objectives are clearly stated, operational and mutually consistent.
II) When there are several objectives, develop the priorities, otherwise clarify the relationship among the objectives.

III) Make sure that everyone concerned with a pricing decision at any level so is the firm understands the relevant objectives.

❖ Identity alternatives:

I) Identify enough alternatives to permit a sensible choice between courses of action.

II) Avoid traditional thinking and encourage creativity.

❖ Acquire relevant information:

I) Be sure that information about buyers, distribution and competitions is current and reflects their current as well as future situations.

II) Involve market research for pricing problem.

III) Make sure information applies to the future and is not a report of the past.

❖ Make the pricing decision:

I) Make full use of the information available

II) Consider the long run effects of the pricing decision

III) Base the pricing decision on the life cycle of product

IV) Consider all human, organisational problem that could occur in a given pricing decision

❖ Encourage feedback and maintain control
TABLE NO.: 4.3

NINE PRICE-QUALITY STRATEGIES

<table>
<thead>
<tr>
<th>Quality</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>High Premium Strategy</td>
</tr>
<tr>
<td>Medium</td>
<td>Over Changing</td>
</tr>
<tr>
<td>Low</td>
<td>Rip Off</td>
</tr>
</tbody>
</table>

F. PROCEDURE FOR SETTING PRICE POLICY:
1. Selecting the pricing objective
2. Determining demand
3. Estimating costs
4. Analysing competitor's cost, price offer
5. Selecting a pricing method
6. Selecting a final pricing

G. MODEL FOR SETTING PRICE:

<table>
<thead>
<tr>
<th>LOW PRICE</th>
<th>COST</th>
<th>HIGH PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Possible Profit at This Price</td>
<td>Competitors Prices and Prices of Substitutes, Customers Assessment Of Unique Product Feature</td>
<td>No Possible Demand at This Price</td>
</tr>
</tbody>
</table>

H. STRATEGIC FACTORS IN PRICING:

<table>
<thead>
<tr>
<th>INTERNAL</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>Demand</td>
</tr>
<tr>
<td>Company Objectives</td>
<td>Competition</td>
</tr>
<tr>
<td>Other Marketing Mix Elements</td>
<td>Legal Restraints</td>
</tr>
</tbody>
</table>
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

CHAPTER 4

Internal Factors: Following are the internal factors for any organization

• Costs: Marketers often choose the simple method of adding the various costs related to a product, plus a suitable markup. This method has difficulty, as there is nothing can be predicted about the external factors like demand, competition etc., and the problem of estimating future costs is quite tricky in practice. Nevertheless, this suits one-time-sale situations like contract bidding where the supplier has to add a reasonable margin to cover the selling expenses and profit.

• Company Objectives: Many companies have competitive pricing objectives clearly specified with which price plays its role. As stated earlier, these objectives could be to maintain price leadership, follow-the-leader strategy, market share, maintenance of growth, undercutting competition or discouraging the entry of new companies to the business. Firms try to exploit their respective positions (i.e. Dominant or weak). Depending on their own assessment, they set short-term objectives, like achieving certain market share and long term objectives, price leader or follower etc. Managers can use their knowledge of competitive strengths and weaknesses in predicting competitors pricing responses.

• Other Marketing Mix Elements: Proper pricing facilitates many other marketing-mix activities. For example, when a product is priced high it must be followed by superior quality and the brand supported by effective advertising to establish and image of prestige. Similarly, when a company sets its price low in order to gain entry into the market or to increase its existing market share, it must accordingly choose the level of promotion and distribution programmes. Pricing strategy also
influences channel arrangement. The use of intermediaries requires that sufficient margins to pay for the agents' commissions and incentives. When a line of products is to be priced, the composition and inter-relationship between products must be carefully assessed. The pricing issues become particularly intricate when a company markets a portfolio of products consisting of substitutes as well as complementary products. Price bears a special relationship to the success of a new product. In other words, pricing decisions must support the firm's other marketing strategies and vice-versa. The ability to achieve several financial and marketing objectives in the face of stiff competition certainly indicates an excellent pricing mechanism of a company.

- **External Factors:** The external factors pertaining to pricing are as follows:

  - **Demand:** Marketers not only require information on how many people will buy their product (i.e. What the consumer demand is) but they also need other information like rate of growth, potential market share, consumer characteristics, price, elasticity of demand and the effects of substitute and complementary products. Market research and demand forecasting are valuable tools to collect and analyses this information. Pricing, then, will depend upon the market demand and its related dimensions mentioned above.

  - **Competition:** Apart from studying the cost of one's own products, a marketer should evaluate each competitor's pricing strategy to determine:-

    1. How competing firms are strategically positioned in terms of cost structures, capacity utilization, market position
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

CHAPTER 4

etc. On a relative basis and the extent to which price forms an active part of this strategy.

II. Which firms represent the most direct competition (actual and potential) for the target market under consideration.

III. How successful each firm’s past pricing strategy.

IV. The competitor’s probable reaction to the alternative pricing strategies being considered.

It is also important to note that competition in today’s market ranges from direct substitutes to remote substitutes. To avoid competitive pricing, product differentiation or distinct market-segments, good personal relationships with customers have to be created by the marketer.

- Legal Restraints: Pricing strategies should also take into account the series of acts and laws that are in existence to prevent monopolistic, restrictive and collusive trade practices. Therefore the legal environment and the constraints imposed by it influence a marketer’s strategies.

I. PRICING STRATEGIES:

How does one go about selecting a pricing strategy? Based on the preceding discussion, it will be noticed that a wide range of pricing strategies can be adopted. Let us enumerate some of these.

❖ Cost-Plus Pricing: This strategy adds a mark-up to the cost of the product and is generally used when

1. The product is quoted in a competitive bidding situation or government contract.

II. A new product is launched.

❖ Target Return Pricing: Here a target return as a percentage of investment is chosen to arrive at the selling price. This method
initially partitions total costs into fixed and variable costs. Then, the manager calculates the price assuming the units to be sold. Also, one might use break-even analysis to calculate the minimum amount of production (or sales) where the company can completely recover the fixed costs.

❖ **Penetration Pricing:** This strategy deliberately chooses a low price for a product in order to gain a higher market share or to attract new customers who are price-conscious or to gain entry into a new market. Penetration pricing is more often used to reduce the attractiveness of a market to prospective new entrants. Conditions favouring penetration pricing are:

I. An extremely price-conscious market.

II. Competitors unable to match the lower price level.

III. Establishing an initial market hold.

IV. The capacity of a company to derive the advantage of greater economies of scale from higher volume.

V. The ability of a company to sell higher-margin complementary products.

VI. Preventing the entry of new competitors.

❖ **Skim Pricing:** Premium or skim pricing involves setting such a high price for a product so as to be able to take the “cream” of the profits from the market, this method will be successful when:

I. A firm is able to establish superior features or better quality for which consumers are willing to pay a higher price.

II. There are very strong barriers to entry due to patents, new technologies or huge investments at the initial stage.
III. A product's uniqueness creates an inelastic demand. A segment of the market is willing to pay more for the novelty or special service.

- **Competitive Pricing**: There are a number of competitive pricing strategies pursued by dominant and weak companies in a business. These may be:
  
  - **Price Leadership Strategies**: They are generally pursued by organisations having a larger amount of resources. The price leader typically tries to set a price level for its product.
  
  - **Pre-Emptive Pricing**: This strategy is used as an early line of defence to protect a dominant market position. One might undercut competition by setting the price level lower with the aim of achieving a higher volume of business. Conversely, it may allow a firm to carve out a niche in a particular segment of buyers.
  
  - **Follow the Leader Pricing Strategy**: Companies with weaker competitive strengths adopt a follow-the-leader pricing strategy. This method will ultimately allow a company to capture the price-sensitive customers.
  
  - **Negotiated Pricing**: For many custom-made products, the buyer asks for a proposal indicating the exact nature of specifications and services that will be offered in the contract. In such situations, price is often the outcome of buyer-seller negotiations.
### TABLE NO.: 4.4

CHOOSING BETWEEN PENETRATION AND SKIM PRICING

<table>
<thead>
<tr>
<th>DETERMINANT</th>
<th>PENETRATION</th>
<th>SKIMMING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Long-run market share risk-taking</td>
<td>Short-run profit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Risk aversion</td>
</tr>
<tr>
<td>Demand</td>
<td>Price elastic</td>
<td>Price inelastic</td>
</tr>
<tr>
<td></td>
<td>Few market segments</td>
<td>Multiple market segment</td>
</tr>
<tr>
<td>Competition</td>
<td>Deter new competitors</td>
<td>Accept new competitors</td>
</tr>
<tr>
<td></td>
<td>Few barriers to entry</td>
<td>High barriers to entry</td>
</tr>
<tr>
<td>Product</td>
<td>Image seen as unimportant</td>
<td>Seeks prestige image</td>
</tr>
<tr>
<td></td>
<td>Long product life cycle</td>
<td>Short product life cycle</td>
</tr>
<tr>
<td>Price</td>
<td>Pressure for price to fall</td>
<td>Prices can be sustained</td>
</tr>
<tr>
<td></td>
<td>Need to move fast</td>
<td>Fewer pressures in market</td>
</tr>
<tr>
<td>Promotion</td>
<td>Customers understand product</td>
<td>Unfamiliar product</td>
</tr>
<tr>
<td>Distribution</td>
<td>Existing system</td>
<td>Unfamiliar channels</td>
</tr>
<tr>
<td>Production</td>
<td>High scale economies</td>
<td>Few economies of scale</td>
</tr>
<tr>
<td></td>
<td>Experience cure effects</td>
<td>Few experience effects</td>
</tr>
<tr>
<td>Finance</td>
<td>High investment</td>
<td>Low investment</td>
</tr>
<tr>
<td></td>
<td>Slow payback</td>
<td>fast payback</td>
</tr>
</tbody>
</table>

### DEVELOPING A PRICING STRATEGY

Assess Price Competitiveness → Set Pricing Objectives → Strategic Price Focus → Target Market Segment → Evaluate Competitive Price
Image or Premium Pricing: When it is difficult to determine the quality of a consumer product by inspection, consumers have been found to use price level to determine quality. Thus, marketers often try to build up a product's image by charging higher.

Premium Pricing

Premium is according to the Perception of the Consumer

<table>
<thead>
<tr>
<th>WHAT?</th>
<th>WHY?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Exclusivity</td>
</tr>
<tr>
<td>Perceived Value</td>
<td>Clutter Avoidance</td>
</tr>
<tr>
<td>Price</td>
<td>Differentiation</td>
</tr>
<tr>
<td>Scarcity</td>
<td>Branding</td>
</tr>
<tr>
<td>Uniqueness</td>
<td>Image</td>
</tr>
<tr>
<td>Transiency</td>
<td>Product Category</td>
</tr>
<tr>
<td>Benefits</td>
<td>Competition</td>
</tr>
</tbody>
</table>
4.6 PLACE:

Proper placement of product is very important for any strategy to succeed. Distribution smoothness for flow of goods and services. This procedure is necessary in order to bridge the discrepancy between the assortment of goods and services generated by the producer and the assortment demanded by the consumer.

A. DISTRIBUTION: CHANNEL SELECTION:

A distribution system ... is a key external resource. Normally it take years to build and it is not easily changed. It ranks in importance with key internal resources such as manufacturing, research, engineering and field sales personnel and facilities. It represents a significant corporate commitment to large numbers of independent companies whose business is distribution - and to the particular market they serve. It represents, as well, a commitment to a set of policies and practices that constitute the basic fabric on which is woven an extensive set of long term relationships.

Distribution of products constitutes an important element of marketing-mix of a firm. After development of the product, the marketing manager has to decide channels or routes through which the product will flow from the factory to the potential customers. He has a number of alternatives available to him. The marketer may choose to distribute the product directly to customers without using any intermediaries. Alternatively, he may use one or more middlemen including wholesalers, selling agents, and retailers. But the important point that he has to keep in mind is that the product should move efficiently and at minimum possible cost from the company's production department to the ultimate customers.

There are important factors, which place them in the important policy decision areas. Firstly, the channels chosen for the firm's
product intimately affect every other marketing decision. Secondly, the channels chosen involve the firm in relatively long-term commitments to other firms. Therefore, it is important that channel decisions are taken with great care.

B. CONCEPT OF CHANNEL DISTRIBUTION:

According to Stanton, "A distribution channel consists of the people and firms involved in the transfer of title to a product as the product moves from producer to ultimate consumer or business user." It includes both the producer and the final user of the product as well as mercantile agents and merchant middlemen engaged in the transfer of title of goods and services.

It also includes organizational concerns such as banks, insurance companies, warehouses, railway and other institutions, which render a marketing service but do not play any major role in negotiating purchases and sales.

The word 'channel' has its origin in the French word canal. The term 'channel of distribution' thus connects a route of pathway taken by products as they flow from the point of production to the point of ultimate consumption. Because the beginning and end points of the route must be included, both producer and consumer are always members of the channel of distribution. However there may be intermediate points along the way. Several marketing institutions operate to facilitate the flow of the physical product or title to the product, from the producer to the consumer. Organizations that serve as marketing intermediaries (middlemen) specializing in distribution rather than production are external to the producing organization. When these intermediaries join with a manufacturer in a loose coalition to engage in exploiting opportunities, a channel of distribution is formed. Thus, channels of distribution include producer, consumer or user and middlemen who act as intermediaries between the producer and the consumer.
### TABLE NO. 4.5

**FACTORS IN THE CHOICE OF DISTRIBUTION CHANNEL**

<table>
<thead>
<tr>
<th>MARKET CONSIDERATION</th>
<th>PRODUCT CONSIDERATIONS</th>
<th>COMPANY CONSIDERATIONS</th>
<th>MIDDLEMEN CONSIDERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer or industrial market</td>
<td>Unit value</td>
<td>Volume of production</td>
<td>Availability of desired middlemen</td>
</tr>
<tr>
<td>No. of potential customers</td>
<td>Product line</td>
<td>Financial resources</td>
<td>Attitude of middlemen</td>
</tr>
<tr>
<td>Size of order</td>
<td>Standardized product</td>
<td>Experience &amp; competence of management</td>
<td>Sales</td>
</tr>
<tr>
<td>Buying habits of customers</td>
<td>Technical nature</td>
<td>Services</td>
<td></td>
</tr>
<tr>
<td>Geographical concentration of market</td>
<td>Bulk and weight</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Perish ability</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**CHOICE OF CHANNELS OF DISTRIBUTION**
C. FUNCTIONS PERFORMED BY THE MARKETING CHANNEL MEMBER

The Marketing channel member performed the following functions

<table>
<thead>
<tr>
<th>TABLE NO.: 4.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUNCTIONS PERFORMED BY THE MARKETING CHANNEL MEMBER</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Selling</th>
<th>Promotion a product to potential customers.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying and assorting</td>
<td>Purchasing a variety of products from various sellers, usually for resale.</td>
</tr>
<tr>
<td>Physical possession</td>
<td>Taking possession of goods, maintaining storage facilities, maintaining stocks of goods sufficient in both variety and quantity to supply customers on regular basis.</td>
</tr>
<tr>
<td>Grading</td>
<td>Taking legal title from the manufacturer, labeling the products with content specification or breaking bulk items into smaller amounts desired by customers.</td>
</tr>
<tr>
<td>Financing</td>
<td>Extending credit to customers (thereby financing the customers inventory). Also, maintaining inventories for manufacturers, thus reducing their working capital requirements.</td>
</tr>
<tr>
<td>Transportation</td>
<td>Physically moving the product between the manufacturer and the end user.</td>
</tr>
<tr>
<td>Negotiation</td>
<td>Making contact and negotiating over quality, price, quantity, terms of sale, etc. with both supplier(s) and customers. In effect, they ensure matching of end products with consumers' requirements.</td>
</tr>
<tr>
<td>Risk-taking</td>
<td>Absorbing all business risks, especially the risk of failure to sell goods, product obsolescence, or changes in the prices of the goods.</td>
</tr>
<tr>
<td>Payment</td>
<td>Payment from the customers is routed through various intermediaries who in turn forward the money to the manufacturer after deduction of expended and commission.</td>
</tr>
<tr>
<td>Market information</td>
<td>Communicating information about market conditions including expected sales potential, fashion trends, competitors' activities, etc.</td>
</tr>
</tbody>
</table>
TABLE NO.: 4.7
MARKETING FUNCTIONS PERFORMED FOR MANUFACTURERS/CUSTOMERS BY INTERMEDIARIES

<table>
<thead>
<tr>
<th>Marketing functions</th>
<th>Manufacturers</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical distribution</td>
<td>Storage; transportation; breaking bulk into desired assortments.</td>
<td>Storage; delivery; assorting items.</td>
</tr>
<tr>
<td>Communication</td>
<td>Gathering market information and dissemination</td>
<td>Assessment of consumer needs and levels of satisfaction with existing products.</td>
</tr>
<tr>
<td>Facilitating</td>
<td>Risk taking; providing service; financing projects or other activities.</td>
<td>Credit financing; repair and maintenance assistance.</td>
</tr>
</tbody>
</table>

D. IMPORTANT FACTORS FOR CHANNEL SELECTION:
Following factors should consider while selecting any channel:

- **Product Characteristics:**
  - Nature-perishable, convenience, shopping or specialty item
  - Degree of Standardization
  - Unit value
  - Installation and maintenance support required

- **Customer Characteristics:**
  - Number
  - Geographical dispersion or concentration
  - Purchasing patterns

- **Middleman Characteristics:**
  - Availability
• Willingness to accept the product
• Financial strength and technical competence
• Past performance in reaching target markets

❖ Competitive Characteristics:
• Nature of the key competitors, product lines
• Geographic proximity, market coverage (outlets per market area)
• Methods of distribution followed

❖ Characteristics of the Company:
• Financial strength/company policy
• Product mix and assortments
• Past channel experience

❖ Environmental Characteristics:
• Economic conditions
• Legal regulations and control

Hence, middlemen play a pivotal role in taking goods to the customer’s door-step. Without them the cost of distribution will be very high.

E. ROLE OF MIDDLEMEN OR INTERMEDIARIES:
Besides making the product available to the customer, middlemen perform several other roles and functions. Some of these key roles are summarized below.

❖ Information: Middlemen have a role in providing information about the market to the manufacturer. Developments like changes in customer demography, psychography, media habits, the entry of a new competitor or a new brand and changes in customer preferences are
some kind of information that all manufacturers want. Since these middlemen are close to the customers and are present in the market place, they can provide this information at no additional cost.

- **Price Stability:** Maintaining price stability in the market is another function that the middleman performs. A number of times middlemen absorb an increase in the price of the products and continues to charge the same old price to the customer. This is because of the intra middlemen competition. The middleman also maintains price stability by keeping his overheads low.

- **Promotion:** Promotion of the product (s) in his territory is another function that the middlemen perform. Many of them design their own sales incentive programmers aimed at building customer traffic at their outlets.

- **Financing:** Middlemen finance the operations of the manufacturers by providing the necessary working capital in the form of advance payments for good and services. The payment is in advance even though the manufacturer may extend credit because it has to be made even before the products are bought and consumed and paid for by the ultimate customer.

- **Title:** Most middlemen take title to the goods and services and trade in their own name. This helps in diffusing the risks between the manufacturer and middlemen. This also enables middlemen being in physical possession of the goods which helps them to meet customers demand at the very moment it arises.

Thus, the role and functions of any marketing channel can be viewed from five different perspectives or marketing flows as shown in Figure given below.
TABLE 4.8
MARKETING FLOWS IN THE MARKETING CHANNELS

1. Physical Flow
Suppliers → Transporters, warehouses → Manufacturer → Transporters, warehouses → Dealers → Transporters → Customers

2. Title Flow
Suppliers → Manufacturer → Dealers → Customers

3. Payment Flow
Suppliers → Banks → Manufacturer → Banks → Dealers → Banks → Customers

4. Information Flow
Suppliers → Transporters, warehouses, banks → Manufacturer → Transporters, warehouses, banks → Dealers → Transporters, banks → Customers

5. Promotion Flow
Suppliers → Advertising agency → Manufacturer → Advertising agency → Dealers → Customer
Viewed from the above perspective, one can also conclude that the definition of a channel member goes beyond the traditional one of middlemen. Today it has come to include even suppliers of inputs (like new material, components, capital and even labour) and other institutions like transport companies and banks that facilitate the distribution process. It is in this sense that the marketing channels have to be viewed as "sets of interdependent organisations involved in the process of making a product or service available for use or consumption".

F. TYPE AND NATURE OF MIDDLEMEN:

There are three types of middlemen that facilitate the flow of goods and services from the manufacturer to the customer.

- **Merchant Middlemen**: These are the intermediaries who take title to the goods and services and resell them. We know them as dealers, wholesalers and retailers. These middlemen get margins, bonuses as compensation. They share the risk with the manufacturers when they take the title and physical possession of goods.

- **Agents**: These are those intermediaries who do not take title to the goods and services but help in identifying potential customers and even helps in negotiations. The typical example is that of CandF agents, brokers, jobbers, etc. who act on behalf of the producer only to the limited extent of prospecting, warehousing and redistributing the products. They do not share risk with the manufacturers as they do not take the title to goods and services. Agents earn a commission and are reimbursed for all expenses by the manufacturer.

- **Facilitators**: These are independent business units that facilitate the flow of goods and services from the producer to the customer.
without taking a title to them or negotiating for them on behalf of the producer. Transport companies, banks and independent warehouses are an example of these institutions. These institutions are paid for their service charges. For example, a transporter gets paid in the form of freight charges, while a banker gets paid service charges and warehouses, cold storages and godowns earn rent.

G. POSSIBLE WAYS OF DELIVERING A SERVICE IN ANY DURABLE PRODUCT:

- Pre-sale education
- Delivery in time
- Installation and on-the-spot service
- Easier terms of payment and establishing linkage with financial companies
- Single window service option
- Constant improvement of service facility
- Technical competence of the service team
- Prompt in correspondence/responsiveness
- Prepare guarantee scheme in customer’s language

H. DISTRIBUTION COVERAGE AND CHANNEL CONTROL:

After stating the channel objectives in service output terms, two strategic issues of distribution management remain. These are: The amount of market coverage and control on the channel required to achieve a company’s objectives. The first issue discussed here examines the number of sales outlets necessary in a given geographic location. Generally, three types of distribution coverage are noticed:

Intensive Distribution: Here the company chooses to place the product in as many outlets as possible. Hence, when the consumers prefer to buy the most readily available brand of product at the nearest accessible retail store or the product is frequently purchased or where the unit value is low, an intensive distribution strategy is preferable. Among industrial products, maintenance and operating items may also adopt intensive distribution.

Selective Distribution: Here the product is made available in a selected number of outlets. Generally appliances, clothing, specialty goods and industrial supplies are distributed in this manner.

Exclusive Distribution: When a product requires aggressive personal selling, repair service, investment in unique facilities or other special efforts, a company usually chooses an exclusive distribution strategy. For example, the manufacturer of Bata shoes, Maruti cars, Personal computers, Air conditioning equipment and industrial machinery adopt this policy.

I. FUNCTIONS PERFORMED BY DISTRIBUTION CHANNELS:

Below stated are the functions performed by distribution channel

- They facilitate the sales process by being physically close to customers.
- They bridge the makers and users efficiently and economically.
- Break the bulk and cater to the small-size requirements of buyers.
- Assemble and offer suitable assortments of products as required by buyers.
• Help sub-distribution
  □ Selling to sub-distributors
  □ Re-transport
  □ Handling
  □ Accounting

• Help stock holding
  □ Financing the stocks
  □ Risk bearing
  □ Storage of products
  □ Warehouse space
  □ Aiding the sales by transformation of the static stocks into operational stocks.

• Provide salesmanship

• Provide pre-sale and after-sale service

• Assist in sales promotion

• Assist in merchandising

• Providing aid in the introduction of new product in the market

• Assist in developing sales forecasts for the territory concerned

• Provide feedback and market intelligence

• Maintain records/registers

• Maintain liaison

• Extended credit to retailers as well as actual users

• Transfer technology to the users and act as change agents
J. FACTORS DETERMINING THE LENGTH OF CHANNEL:

From the foregoing discussion, we may conclude that the following factors will determine the length of the channel distribution.

❖ **Size of the Market**: Larger the market size, more economical it is to indirectly serve the market and hence a longer channel. But smaller the market, smaller will be the channel.

❖ **Order Lot Size**: If the average order lot size is small, it is better to have a longer channel than when the average order is a bulk then it is loaded in a container.

❖ **Service Requirement**: If the product and the market requires a high level of service and it is a major factor in buying decision, it is advisable that the firm keeps a shorter channel like zero or one level only.

❖ **Product Variety**: If the customers shop for product assortment it is advisable that the firm ensures the availability of its product range at all outlets selling complimentary and substitute products. Hence, this pushes the demand for a wider channel of distribution. For example, a car buyer would prefer to buy from a dealership, which offers him or her a choice of brands and also the full range of car accessories. Hence, for the car manufacturer and the accessories manufacturing firm, availability of their brands at all dealerships is important.

K. FACTORS INFLUENCING DISTRIBUTION DECISION:

The distribution patterns, channel objectives and constraints are influenced by a number of variables. These are explained in the following:

❖ **Market Characteristics**: The market characteristics play an influencing role in distribution decisions. For example, if the
customer wants a high level of service, the manufacturers will have to ensure that its channel members are able to provide it or else the firm will have to provide it. The latter alternative may be costly but may ensure a high level of customer confidence. In an automobile dealership, for example, the automobile manufacturer insists on investment in tools, equipments and manpower training that will ensure high precision and level of servicing. The manufacturer trains dealers, employees in servicing the automobiles. A firm like Sumeet, a leader in mixer and grinder market, has a mobile service concept to serve its customers. It regularly announces the date, time and place where its service van will be parked for the benefit of the housewives and retail outlets. Many other forms have adopted this pattern to service their target markets.

Customer characteristics also involve attitude towards waiting time, expectations with regard to special convenience and preference for buying in a comfortable and more relaxed environment.

- **Company Characteristics**: The next variable is the characteristics and objectives of the company. The channel design is influenced by the company’s long term objectives, financial resources, manufacturing capacity, marketing mix and even its philosophy. For example, if the firm’s manufacturing capacity can meet only 25% of the total market demand it may be well advised to either follow selective distribution i.e. Distribute only through selected outlets in few markets or adopt an intensive distribution, i.e. Cater to all outlets in a given geographical market or exclusively distribute it all over the country.

- **Product Characteristics**: The next important variable influencing distribution decision is the product characteristics. Here the key
issues for analysis are product value and perceived risk and the nature of the product. If the product value and hence perceived risk is high as in the case of capital equipment, precious stones and gems, shorter channel or rather direct marketing is the most preferred alternative. Here the firm sells the product through its own sales force. Likewise, if the product is perishable in nature, direct distribution or a shorter channel is advisable. For example, milk, bread, eggs, fruits and flowers, etc. require direct or shortest channel to reach the customer. Hence a milk dairy supplies milk in bulk to wholesalers or distribution points who then redistribute it directly to the customer either through their own delivery boys or at their outlets to customers who come to buy from them. But this is not so in case of non-perishable goods like textiles, footwears, toiletries, etc. Hence the longer channel.

The next product related factor to be considered is whether it's whether it is standardised or non-standardised. The latter demands direct distribution. For example, a suit tailored to fit a specific customers' size and fashion preference will demand direct marketing by the tailoring firm. But when the same makes shirts in different collar sizes, colours and fashions so as to appeal to different customer groups, it can now adopt a longer channel of the distribution because it now has a standardised product. The product volume will also determine the length of the channel. Bulky products like construction material, chemicals, or soft drinks require shorter channels to economically reach the customer. Lastly the desired brand image sought by the firm will determine the distribution structures.

Middleman Characteristics: This refers to middlemen's aptitude for service, promotion and handling negotiations, storage,
contract and credit. Channel design reflects the strength and weakness of different intermediaries.

- **Intensity of Competition:** The nature and intensity of competition in the industry will determine the distribution pattern adopted by a firm. Some firms may adopt an intensity distribution strategy and be indifferent to multiple brand outlets. Here, these firms aim at getting the highest share from such outlets. Other firms may have the policy of exclusive distribution i.e. Insisting that the intermediary deals in no other brand.

- **Environmental Characteristics:** The environmental characteristics like government policy, statutory provisions, state of the economy, technological and infrastructure developments also affect distribution decision in the firm.

- **Identifying Major Distribution Alternatives:** We have mentioned the three distribution alternatives in the preceding sections, namely intensive, selective and exclusive. We shall now discuss them in a greater detail here.

- **Intensive Distribution:** This alternative involves all the possible outlets that can be used to distribute the product. This is particularly useful in products like soft drinks where distribution is a key success factor. Here the soft drink firms distribute their brands through multiple outlets to ensure their availability at an arm's length to the customer. Hence, on the one hand these brands are available in restaurants and five star hotels and on the other hand they are also available in countless soft drink stalls, kiosks, sweetmarts, tea, shops etc. Any possible outlet where the customer is expected to visit is also an outlet for the soft drink.

- **Selective Distribution:** This alternative is the middle path approach to distribution. Here the firm selects some outlets to
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CHAPTER 4

... distribute its products. This alternative [atroni] the selling effort of the manufacturing firms on a few outlets rather than dissipating it over countless marginal ones. It also enables the firm to establish good working relationship with the channel members. Selective distribution can help the manufacturer gain optimum market coverage and more control but at a lesser cost than intensive distribution. Both the existing and new firms use this alternative.

- **Exclusive Distribution**: When the firm distributes its brand through just one or two major outlets in the market who exclusively deal in it and not all competing brands, we say that the firm is using an exclusive distribution strategy. This is a common form of distribution in product and brand that seeks high prestigious image. Typical examples are of designer wares, major domestic appliances and even automobiles. By granting exclusive distribution rights, the manufacturer hopes to have control over the intermediaries price, promotion, credit inventory and service policies. The firm also hopes to get the benefit of aggressive selling by such outlets.

L. TERMS AND RESPONSIBILITIES OF INTERMEDIARIES:

The commercial policy of the manufacturer often lays down the terms and conditions for intermediaries and their responsibilities. Generally these include price policies, mode or terms of payment, return policy, territorial rights, etc.

- **Price policy**: This sets the price at which middlemen will get the product from the manufacturers and the discount schedule. It also mentions the price at which middlemen may sell the product. Generally, the company is required by law to stipulate the...
maximum retail price. The middlemen have to ensure that every one involved gets a fair and equitable deal.

- **Payment terms**: The manufacturing firm stipulates mode or payment terms. For example, some firms ask middlemen to deposit certain amount with them from which the former adjusts the price of the goods sent to the letter. The middleman has to then replenish the deposit by the required amount immediately, failing which he loses the interest on deposit. Some other firms insist payment to reach them on the day the intermediary takes physical possession of the goods. Others may accept a letter of credit as a payment mode. Credit policy of the manufacturer stipulates the period in which it must get paid.

- **Returns policy**: This indicates the warranty that the manufacturer extends to the intermediary. Some firms offer spot replacement for any of its products returned by the customer. Others take time to settle these claims. A distribution policy should lay down the clauses related to returns and refunds precisely outlining the responsibility of each party-manufacturer and intermediary. Failure to do so can lead to a perpetual conflict between the manufacturer and the intermediary.

- **Territorial right**: The manufacturer should spell out the territorial jurisdiction of each of the distributor to avoid any territory jumping. This will also help in the distributor’s evaluation.

- **Mutual services and responsibilities**: These should be spelt out clearly, particularly in the case of franchised and exclusive agency channels. For example, Parle (export) have laid down the role of each of its franchise in quality control, distribution, promotion and selling. Parle gives to these franchises,
promotional inputs, support, training and other administrative support. Such kind of a manual helps in avoiding conflicts.

M. CRITERIA FOR EVALUATING CHANNEL ALTERNATIVES:

The distribution or channel alternatives have to be evaluated from the point of view of cost of distribution, the degree of control the manufacturer gets over the market through an alternative and finally the flexibility that the manufacturer has in response to the market needs.

* Evolution of Channels: As mentioned earlier that the distribution strategy of any manufacturing firm should respond to market changes. For, as markets evolve, products mature and competition intensifies, the distribution plan of the firm has to get modified. One cannot trust that a distribution plan once evolved will continue to deliver results for the entire period of the product’s life. This is because of the buyer behaviour and characteristics of customers who adopt the product at different time intervals. While, in the introduction and early growth phases customers (innovators and early adopters) are willing to pay any price and go to any place to buy it, at the later stages of growth and early maturity, customers (i.e. Early majority) demand convenience in buying it. But as products enter the later part of maturity, customers (late majority) become price and convenience sensitive. They shop for low prices, discounts and even lower priced brands. Reflecting these channels in the distribution channels over the products life cycle, Milind Lete suggests that in planning the distribution strategy a firm should take into consideration the following:

- Territory of operation
- Dealers compensation/Dealers margin
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

• Services/Functions to be performed by the dealer

• Services/Functions to be performed by the principal

The principal normally expects a dealer to establish the product in the market, maintain fair trade practices, provide service to consumers and assist in promoting the product. The dealer in turn expects the firm to deliver a quality product, make adequate and regular supplies of the product, provide reasonable profits for the dealer in the price structure and render good sales promotional support. Evidently, the development of the trade relations mix in the proper way is the fundamental task in dealer network management.

Dealer-Principal relations must provide satisfaction to both: The trade relations mix must be so developed so as to provide reasonable and fair satisfaction to both the principal and the dealer. It is only natural that product and effective dealers pick and choose the best among available firms, products and brands. It is the first duty of a firm to offer a viable business proposition to the dealer. In addition, the firm should provide suitable attractions to dealers and motivate them to be loyal to the firm/brand concerned. Sustaining their interest and motivation is the surest route by which the firm can obtain the optimal retail thrust for its product. The firm must also remember that dealers act more as a purchasing agent for consumers than as a selling agent for the principal.

Dealer Compensation/Dealer Margins: Dealer margin or trade margin is no doubt, the prime element in dealer-principal relations. So in the first place, the firm should ensure that the trade margin or dealer commission is adequate to enable the dealer to make a reasonable profit out of the business.
The New Generation Dealers Have Grater Expectations: In the earlier days, dealers were generally satisfied with modest trade margins. Their investment in the business infrastructure being relatively low they were able to run their business profitably with a reasonable margin. In recent years, however, this position has been changing rapidly. Costs of running retail stores have been going up steadily. And the new generation dealers have been adopting a more contemporary approach to retailing. They go in for more attractive shops and showrooms, they periodically renovate and redecorate the premises, they employ skilled and trained salesmen. Such an approach naturally leads to an increase in operating costs and overheads at the retail level. Moreover, the expectations of new generation dealers regarding profits are also considerably higher compared with those of their predecessors. Manufacturers have to necessarily settle for a higher outflow on dealer margins in the coming years.

It may be necessary under the new circumstances to shift the attention from gross margins to retained earnings of dealers. The firm and its dealers must make a collaborative effort and achieve larger turnover and higher marketing productivity so that at a given level of trade margins, the retained earnings of dealers would be higher.

Dealer Induction: Proper induction of fresh dealers into the organisation is another important part of dealer management. It should lead to smooth assimilation of the dealer into the organisation. Analysis shows that firms that strive for a distinctive position in the matter of channels attach great importance to dealer induction. At the induction stage they try to literally overwhelm the dealer with favourable image of...
company, its organization, systems and styles so that he starts his association with the firm in the most favourable attitude.

❖ **Dealer Motivation:** To be effective, the dealers have to be constantly motivated. The firm should constantly strive to satisfy the needs of dealers. It is rightly said that a wide firm gets a good band of dealers and good dealers settle down with a wise firm. For, it is the wise that provides the right motivation to dealers.

❖ **Attractive Trade Margins:** As already mentioned, an attractive trade margin is no doubt the prime factor in dealer-principal relations and an important element of dealer motivation. After all, the main objective of any dealer is to earn a reasonable return on his investment. We have discussed this in detail in the preceding paragraphs.

❖ **Motivational Elements Other Than Trade Margins:** Besides an attractive trade margin, many other motivational elements will also have to be used by a firm towards ensuring proper dealer motivation.

❖ **Prompt Delivery and Efficient Service:** The firm should service the dealers efficiently. Delivery of products must be prompt and adequate. Technical service support and advisory assistance must be provided wherever necessary.

❖ **Special Incentives:** Special incentives like quantity rebates, off season rebates, etc., should also be used to motivate dealers. Adequate advertising support by the principal also serves as a good motivation for dealers and similar is the case with sales promotional support and point-of-sale promotional support.

❖ **Harmonious Relations and Effective Communication:** Harmonious dealer relations is a very important factor in dealer motivation. Dealers need help, sympathy and understanding.
They are happy to receive practical sales ideas from the salesmen and sales executives of the firm. Giving such advise and sales tips will result in good dealer motivation. Likewise, helpful and prompt attention to dealer complaints is also essential for keeping dealers satisfied. Maintaining effective communication with dealers is another essential element of dealer motivation. Effective communication by itself will give dealers a sense of participation. Company’s newsletter and direct mailing system should be used for improving communication with dealers and for enhancing their commitment to the company. Periodical dealer meetings/ conventions help build good communication and harmonious relations. The meets would help the firm understand the views of dealers and simultaneously act as a moral booster among the dealers.

The firm should also project and build up dealers’ prestige and leadership in the area. Associating dealers in various campaigns such as service campaign, promotion campaign etc. will not only make them happy but also contribute to the success of campaigns. The firms can also persuade the dealers to share the expenditure on publicity and sales promotion. The publicity and service campaigns reduces the financial strain of the firm.

Ensuring Merchandising Support From Dealers: ensuring dealers’ support in merchandising is another important aspect of dealer management. By enlisting the willing cooperation of dealers in the merchandising effort, the firm can derive many benefits. Effective merchandising accelerates the buying process as it serves as and on the spot reminder to consumers to buy a product. By a quick glance at the way in which the ‘dealer aids’ and ‘point of purchase promotion materials’ supplied by a firm are used in a retail shop one can make a judgement about the
quality of dealer management of the concerned firm. In the present day context, merchandising and displays at the retail outlets are very important as competition among brands is fast building up. The retail outlet is of special significance as competition for shelf space from the retail shops, the ones that are good at dealer management and dealer motivation enjoy an edge in this matter.

❖ Ensuring Good Store Image and Deriving Promotion Advantage:

The promotion advantage derived by a firm from its dealers extend far beyond merchandising and display. The store itself can be projected as a display unit and a communication tool for the company. Today more and more companies are patronize this position and they are concentrating their attention on the ‘store image’ of their retail shops. The role of channel as a communication tool for the company. Suffice to point out here is that retail sales points are not only outlets from where products flow out. They are effective communication media as well, through which the company can communicate with its consumers. It is a fact that consumers patronize certain stores and discard certain others. Marketing men should understand the communicative significance of the retail outlets and the factors that influence consumers in their store choice.

❖ Dealers Training: Dealers training are another important part of dealer management. The primary purpose of dealer training is to improve the performance of dealers through sharpening of their sales skills. The dealers are required to sense, serve and satisfy the needs of customers. This cannot happen unless and until the dealers are equipped with the requisite knowledge, skills, techniques and attitudes. Any progressive firm will therefore
make dealer training an integral part of its channel management task.

The content and methodology of dealer training should be so framed so as to suit the background of dealers and the contextual requirements. The prime purpose of the training is to impart to dealers knowledge about customers, products and their uses, and about competition, merchandising, sales techniques. In addition, inventory management, credit management and sales promotion could also be included in the training content.

Performance Appraisal of Dealers: Evaluation of the performance of the individual dealers is another important aspect of channel management. The performance appraisal must be done with a view to identify the specific strengths and weaknesses of dealers. If the performance is below the desired level, remedial action must be taken promptly. The appraisal should also identify the areas that can be improved through training.

The appraisal has to be based on pre-agreed standards of performance. Performance appraisal solely based on sales volume will be inadequate. The ranking done on this basis may not reveal the true contribution made by the dealer concerned. The fact that dealers face varying environments in their sales operations should be taken into account while making the appraisal. Instead relevant criteria must be used in the appraisal of dealers.

Criteria for Dealer Appraisal: While the criteria for dealer appraisal may vary from company to company and product-to-product, the following can be taken as the common aspect in this regard:

- Market share
- Sales intensity
• Storage space provided
• Inventory holding support
• Standard of service provided to customers
• Enlistment of new accounts
• Market awareness
• Provision of market intelligence
• Promotional support
• Public relations
• Timely payment of bills
• Maintenance of business records
• Submission of reports
4.7 PROMOTION:

Promotion is an important part of the marketing-mix of a business enterprise. It is the spark plug of the marketing-mix and a process of communication involving information, persuasion, and influence. It includes all types of personal or impersonal communication with customers as well as middlemen in distribution. The purpose of promotion is to inform, persuade and influence the prospective customers. Personal selling, advertising, publicity and sales promotion are widely used to inform the people about the availability of products and create among them the desire to buy the products.

Promotion is communication from sellers to buyers in the market in as much as it tries to instill into consumer’s minds the images (through advertising, personal selling, sales promotion and publicity) that make them buy the product. Thus the promotion message (i.e., information, advice or request) by the sender (i.e., marketer) to the receiver (i.e., consumer) must accomplish three tasks to be effective:

I. It must gain the attention of the receiver.

II. It must be understood by the receiver.

III. It must stimulate the needs of the receiver and suggest an appropriate method of satisfying those needs.

The three tasks are related to the AIDA (attention-interest-desire- action) concept proposed by E.K. Strong as an explanation of the steps an individual must go through before making a purchase decision. First of all, the potential consumer’s attention must be gained. Once this is accomplished, the promotional message seeks to arouse interest in the product or service. If interest is aroused, the next stage is to stimulate consumer desire by convincing the
prospective buyer of the product's ability to satisfy his or her needs. Finally, the sales presentation or advertisement must attempt to produce action in the form of a purchase or a more favorable attitude that may lead to further purchases.

A. OBJECTIVES OF PROMOTION:

Marketers undertake promotional activities to ultimately achieve the following objectives:

- **To provide information:** The main purpose of promotional activities is to inform the prospective customer about the availability, characteristics, the main use and alternative uses of particular product.

- **To stimulate demand:** Promotional activities create awareness and build consumer interest in new products and new technology.

- **To differentiate the product:** Promotion helps in differentiating a particular product of the firm from the competing products of other firms. A business firm can supply data revealing where its product stands in company with other products.

- **To highlight the utility of product:** Promotion helps in letting the people know the utility of the new product. It also tells them how the concerned product will be helpful in satisfying their specific demands.

- **To counter competition and stabilize sales:** In the modern era of competition it is an important purpose of promotional activities to fight competition by reassuring the customers about the quality and price of the product. This is also intended to stabilize sales volume in the long run. It is possible that a customer using a particular brand of a product may buy another one next time because the other brand is advertised heavily.
To build image. Promotional: activities such as public relations, advertising and sale promotion may be used to build a favourable public image of the firm.

PROMOTIONAL TOOLS

- Advertisement
- Sales Promotion
- Personal Selling
- Direct Marketing
- Target Market
- Public Relation & Publicity
## TABLE NO. 4.9

RELATIVE POSITION OF PROMOTIONAL METHODS

<table>
<thead>
<tr>
<th>Promotional Method</th>
<th>Scope</th>
<th>Cost</th>
<th>Advantage</th>
<th>Disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>Mass</td>
<td>Relatively Inexpensive Per Contact</td>
<td>Allow Expressiveness &amp; Control Over Message</td>
<td>Hard to Measure Results</td>
</tr>
<tr>
<td>Publicity</td>
<td>Mass</td>
<td>Inexpensive</td>
<td>Has High Degree of Credibility</td>
<td>Not Easily Controlled as Other Forms</td>
</tr>
<tr>
<td>Sales Promotion</td>
<td>Mass</td>
<td>Can Be Costly</td>
<td>Gains Attention &amp; Has Immediate Effect</td>
<td>Easy for Other to Imitate</td>
</tr>
<tr>
<td>Personal Selling</td>
<td>Personal</td>
<td>Expensive Per Contact</td>
<td>Permits Flexible Presentation &amp; Gains Immediate Response</td>
<td>Costs More Than All Other Forms Per Contact</td>
</tr>
<tr>
<td>Degree of Standardization of Product</td>
<td>Marketing Strategy</td>
<td>Characteristic of Marketing Strategy</td>
<td>Promotional Efforts</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>--------------------------</td>
<td>--------------------------------------</td>
<td>---------------------</td>
<td></td>
</tr>
<tr>
<td>MOST</td>
<td>Mass Marketing</td>
<td>Mass Production, Distribution and Promotion.</td>
<td>VERY HIGH</td>
<td>VERY HIGH</td>
</tr>
<tr>
<td></td>
<td>Product Variety Marketing</td>
<td>Several Products With Several Features, Styles, Qualities, Sizes Etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Target Marketing</td>
<td>Product For Selected Segments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Micro Marketing</td>
<td>Select Segments; Product as per Local Needs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEAST</td>
<td>Customized Marketing</td>
<td>Product for Local Needs, for each Distinct Customer.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personalized Marketing</td>
<td>Product as Personalized. Product as Personal Service.</td>
<td>VERY LOW</td>
<td>VERY LOW</td>
</tr>
</tbody>
</table>
B. PROMOTION-MIX:

The term ‘Promotion mix’ is used to refer to the combination of different kinds of promotional tools used by a firm to advertise and sell its products. The main promotional tools or activities which make-up the promotion-mix are

I. Personal selling
II. Advertising
III. Public relations
IV. Publicity
V. Sales promotion

These are also known as elements of promotion-mix

The modern business cannot depend upon a single promotional tool. They have to make use of all the promotional tools in different degrees depending upon the nature of product, nature of competition and kinds of customers. The marketing manager is supposed to decide about the use of various promotional activities and allocate budget for them, which is taking a decision about promotional mix. Two factors need adequate consideration, firstly a combination of promotional activities are to be used because any promotional tool, used alone, may not prove fully effective

Secondly, all promotional tools are not of equal importance and their importance may change with the change in business environment.

- **Elements of Promotion-Mix:** Following are the elements of promotion mix:
  - **Advertising:** It is impersonal form of promotion that is directed towards masses and is paid for, with the clear
identification of the sponsored. Advertising is the most risible form of all promotional tools. The media includes: TV, Radio, Newspaper, Magazines, Point-of-Purchase, Displays, Packaging, Sponsorship, Billboards, Banners etc. The recent trend is advertising is Event sponsorship.

- **Sales promotion**: It consists of short term and temporary incentives to purchase or induce trials. The tool includes arranging contests, games, premium packs, gift, off-season discounts, sampling, rebates, trade allowances, exchange offer etc.

- **Personal selling**: It is the personal direct presentation of product to the customer or prospective customer for the purpose of making sales. The tools include techniques like sales presentations, meetings, incentive programmes and samples.

- **Direct marketing**: It is the use of non-personal contact tools to solicit a trial or purchase. The tools include catalogue selling, mail-order tele-marketing, TV shopping etc.

- **Public relations and publicity**: It encompassed wide variety of communication efforts to contribute a generally favourable attitude towards the organisation and its products. Publicity is not paid for. The tool includes press conferences, speeches, annual reports, events, publications, donations for public cause and sponsorship.

- **Factors Affecting Promotion-Mix**: The marketers decision regarding the promotional-mix of a firm is influenced by the following factors:

  - **Product considerations**:
    - Nature of product
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- Product Image
- Stage of product's life-cycle
- Packaging
- Degree of customization

- Pricing Policy:

- Distribution

- Target market characteristics:
  - Level of competition
  - Geographic coverage
  - Buyer Readiness stage
  - Promotional Budget
  - Promotional strategy
4.7 PRODUCT MIX AND MARKETING MIX:

The product mix and marketing mix of the relevant companies to this research illustrated below:

![Amul Products](image-url)
The product mix of Amul relevant to this research can be categorized as per the table illustrated below:

<table>
<thead>
<tr>
<th>PRODUCT LINE LENGTH</th>
<th>Butter</th>
<th>Cheese</th>
<th>Condensed Milk</th>
<th>Dairy Whitener</th>
<th>Chocolate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amul Butter 100 gms. 500 gms. 1.0 Kg.</td>
<td>Cheese 1Kg. Block</td>
<td>Mithai Mate 400 gms.</td>
<td>Amulya 200 gms. 500 gms.</td>
<td>Milk 40 gms.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tin 400gms.</td>
<td></td>
<td></td>
<td>Fruit and Nut 40 gms.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Slices 100gms. 200gms.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chiplets 200gms.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Spread 200gms. tub</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pizza Cheese 250gms.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Emmental 200gms.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Data obtained from Kanpur
MARKETING MIX:

The marketing mix of Amul relevant to this research as given below:

- Product and Price

<table>
<thead>
<tr>
<th>Product</th>
<th>Specification</th>
<th>Pack size</th>
<th>Max. Retail Price*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chiplet</td>
<td>100gms.</td>
<td>Rs.13.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500gms.</td>
<td>Rs.63.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.0Kg.</td>
<td>Rs.165.00</td>
</tr>
<tr>
<td>Cheese</td>
<td>Tin</td>
<td>400gms</td>
<td>Rs.77.00</td>
</tr>
<tr>
<td></td>
<td>Slices</td>
<td>100gms.</td>
<td>Rs.23.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>200gms.</td>
<td>Rs.43.00</td>
</tr>
<tr>
<td></td>
<td>Chiplet</td>
<td>200gms.</td>
<td>Rs.43.00</td>
</tr>
<tr>
<td></td>
<td>Spread</td>
<td>200gms. Tub</td>
<td>Rs.28.00</td>
</tr>
<tr>
<td></td>
<td>Pizza Cheese</td>
<td>250gms.</td>
<td>Rs.48.00</td>
</tr>
<tr>
<td></td>
<td>Emmental</td>
<td>200gms.</td>
<td>Rs.60.00</td>
</tr>
<tr>
<td>Condensed Milk</td>
<td>Mithai Mate</td>
<td>400gms.</td>
<td>Rs.36.00</td>
</tr>
<tr>
<td></td>
<td>(Sweetened)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy Whitener</td>
<td>Amulya</td>
<td>200gms.</td>
<td>Rs.30.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500gms.</td>
<td>Rs.69.00</td>
</tr>
<tr>
<td>Chocolate</td>
<td>Milk</td>
<td>40gms.</td>
<td>Rs.10.00</td>
</tr>
<tr>
<td></td>
<td>Fruit &amp; Nut</td>
<td>40gms.</td>
<td>Rs.13.00</td>
</tr>
<tr>
<td></td>
<td>Pres. Pack</td>
<td>4 X 40gms.</td>
<td>Rs.44.00</td>
</tr>
</tbody>
</table>

* Source: www.amul.com
• Place:

**CHANNEL OF DISTRIBUTION**

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>C&amp;F /Office Depot</th>
<th>Distributor</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Customer</th>
<th>Retailer</th>
<th>Dealer</th>
</tr>
</thead>
</table>

Dealer Principle Relationship | Satisfactory
Mode of Transportation | Road
Healthy company support available for channel members
Spacious godowns at prime location with satisfactory transportation facilities

• Pricing Strategy:

  o Sales value maximization
  o Overall cost leadership
  o Economies of Scale
  o Large market share
  o Discount and rebate schemes

• Promotion Mix:

  The promotion mix of the company as fellow:

  **Sales Promotion Schemes:**
  o Different festival offers

  **Advertisements:**
  o Electronic Media
    - Different Television Channels
    - Internet
    - ATM
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

CHAPTER 4

- Print Media
  - Poster
  - Hoardings
  - Magazine
  - Billboards

**Different Campaigns:**

- Taste of India
- Utterly Butterly Amul
- Say Cheese! The world looks better that way
- Some one you love
- Hoardings on current news headlines

**Event Marketing:**

- Sponsor of various National and International Events
- Sponsor of Various TV Programmes
  - Amul Surabhi on Doordarshan
  - Amul India Show on Star Plus
  - Amul Cricket Rankings
B. NESTLE INDIA LTD.:

- PRODUCT MIX:

The product mix of Nestle relevant to this research can be categorized as per the table illustrated below:

<table>
<thead>
<tr>
<th>PRODUCT LINE LENGTH</th>
<th>PRODUCT MIX WIDTH*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butter</td>
<td>Condensed Milk</td>
</tr>
<tr>
<td>Nestle Butter</td>
<td>Milk Maid</td>
</tr>
<tr>
<td>100 gms.</td>
<td>400 gms.</td>
</tr>
<tr>
<td>500 gms.</td>
<td></td>
</tr>
<tr>
<td>1.0 Kg.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Data obtained from Kanpur
MARKETING MIX:

The marketing mix of Nestle, relevant to this research as given below:

- **Product and Price:**

<table>
<thead>
<tr>
<th>Product</th>
<th>Specification</th>
<th>Pack size</th>
<th>Max. Retail Price*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butter</td>
<td></td>
<td>100gms.</td>
<td>Rs.13.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500gms.</td>
<td>Rs.65.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.0Kg.</td>
<td>N/A</td>
</tr>
<tr>
<td>Condensed Milk</td>
<td>Milk Maid</td>
<td>400gms.</td>
<td>Rs.43.00</td>
</tr>
<tr>
<td></td>
<td>(Sweetened)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy Whitener</td>
<td>Every Day</td>
<td>200gms.</td>
<td>Rs.32.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500gms.</td>
<td>Rs.80.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.0Kg.</td>
<td>Rs.136.00</td>
</tr>
<tr>
<td>Chocolate</td>
<td>Munch</td>
<td>19gms</td>
<td>Rs.5.00</td>
</tr>
<tr>
<td></td>
<td>Crunch</td>
<td>19gms</td>
<td>Rs.5.00</td>
</tr>
<tr>
<td></td>
<td>Classic</td>
<td>18.5gms.</td>
<td>Rs.5.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>37gms</td>
<td>Rs.10.00</td>
</tr>
<tr>
<td></td>
<td>Bar One</td>
<td>20gms.</td>
<td>Rs.5.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40gms.</td>
<td>Rs.10.00</td>
</tr>
<tr>
<td></td>
<td>Kit Kat</td>
<td>17.5gms.</td>
<td>Rs.6.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35gms.</td>
<td>Rs.12.00</td>
</tr>
<tr>
<td></td>
<td>Milky Bar</td>
<td>20gms.</td>
<td>Rs.5.00</td>
</tr>
</tbody>
</table>

*Data obtained from Kanpur*
• Place:

**CHANNEL OF DISTRIBUTION**

| Manufacturer → C&F → Distributor |
|------------------|------------------|
| Customer ← Retailer ← Dealer |

| Dealer Principle Relationship | Satisfactory |
| Mode of Transportation | Road |
| Healthy company support available for channel members |
| Spacious godowns at only some prime location with satisfactory transportation facilities |

• Pricing Strategy:
  
  o Premium pricing strategy
  o Product quality leadership
  o Discount and rebate schemes

• Promotion Mix:

  The promotion mix of the company as fellow:

  **Sales Promotion Schemes:**
  
  o Different festival offers

  **Advertisements:**
  
  o Electronic Media
    
    - Only some Television Channels
    - Internet
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

CHAPTER 4

- Print Media
  - Poster
  - Newspaper
  - Magazine
  - Billboards

Different Campaigns:

- Have a brake, have a Kit Kat.
- Bigger Bite, Light insight.
- Kabhi bhi, kahin bhi (KBKB).
- Deliciously thick! Deliciously healthy!

Event Marketing:

- Sponsor of various National and International Events
- Sponsor of Various TV Programmes
C. BRITANNIA INDUSTRIES LTD.:

* PRODUCT MIX:

The product mix of Britannia relevant to this research can be categorized as per the table illustrated below:

<table>
<thead>
<tr>
<th>PRODUCT LINE LENGTH</th>
<th>PRODUCT MIX WIDTH*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butter</td>
<td>Cheese</td>
</tr>
<tr>
<td>Milk Man Butter</td>
<td>Milk Man Cheese</td>
</tr>
<tr>
<td>100 gms.</td>
<td>1.0 Kg</td>
</tr>
<tr>
<td>500 gms.</td>
<td></td>
</tr>
<tr>
<td>1.0 Kg.</td>
<td></td>
</tr>
<tr>
<td>Slices</td>
<td>400 gms.</td>
</tr>
<tr>
<td>Cubes</td>
<td>200 gms.</td>
</tr>
<tr>
<td>Cheese Ceka</td>
<td>400 gms.</td>
</tr>
</tbody>
</table>

* Data obtained from Kanpur

- MARKETING MIX:

The marketing mix of Britannia, relevant to this research as given below:

- **Product and Price:**

<table>
<thead>
<tr>
<th>Product</th>
<th>Specification</th>
<th>Pack size</th>
<th>Max. Retail Price*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Butter</td>
<td>Milk Man</td>
<td>100 gms.</td>
<td>Rs.13.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500 gms.</td>
<td>Rs.63.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.0 Kg.</td>
<td>Rs.124.00</td>
</tr>
<tr>
<td></td>
<td>Tin</td>
<td>400 gms.</td>
<td>Rs.80.00</td>
</tr>
<tr>
<td></td>
<td>Slices</td>
<td>200 gms.</td>
<td>Rs.48.00</td>
</tr>
<tr>
<td></td>
<td>Cubes</td>
<td>200 gms.</td>
<td>Rs.48.00</td>
</tr>
<tr>
<td></td>
<td>Spread</td>
<td>200 gms.</td>
<td>Rs.28.00</td>
</tr>
<tr>
<td></td>
<td>Cheese Ceka</td>
<td>400 gms.</td>
<td>Rs.70.00</td>
</tr>
<tr>
<td>Dairy Whitener</td>
<td>Milk Man</td>
<td>200 gms.</td>
<td>Rs.32.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>500 gms.</td>
<td>Rs.73.00</td>
</tr>
</tbody>
</table>

* Data obtained from Kanpur
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

CHAPTER 4

• Place:

CHANNEL OF DISTRIBUTION

<table>
<thead>
<tr>
<th>Manufacturer</th>
<th>C&amp;F / Office Depot</th>
<th>Distributor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td>Retailer</td>
<td></td>
</tr>
</tbody>
</table>

Dealer Principle Relationship: Satisfactory

Mode of Transportation: Road

Healthy company support available for channel members

Spacious godowns at limited location with transportation facilities

• Pricing Strategy:
  o Market share maximization
  o Discount and rebate schemes

• Promotion Mix:
  The promotion mix of the company as fellow:

Sales Promotion Schemes:
  o Different festival offers

Advertisements:
  o Electronic Media
    • Some Television Channels
    • Internet
  o Print Media
    • Banner
    • Newspaper
    • Poster
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

• Magazine
• Billboard

Different Campaign:
  - Britannia Khao World Cup Jao

Event Marketing:
  - Sponsor of various National and International Events
  - Sponsor of Various TV Programmes
MARKETING STRATEGY IN DAIRY PRODUCT SEGMENT

CHAPTER 4

238
D. CADBURY INDIA LIMITED:

**PRODUCT MIX:**

The product mix of Cadbury relevant to this research can be categorized as per the table illustrated below:

<table>
<thead>
<tr>
<th>PRODUCT LINE LENGTH</th>
<th>PRODUCT MIX WIDTH*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Chocolate</td>
</tr>
<tr>
<td>Dairy Milk</td>
<td>13 gms.</td>
</tr>
<tr>
<td></td>
<td>25 gms.</td>
</tr>
<tr>
<td></td>
<td>42 gms.</td>
</tr>
<tr>
<td>Cashew Chunky</td>
<td>42 gms.</td>
</tr>
<tr>
<td>Crackle</td>
<td>44 gms.</td>
</tr>
<tr>
<td>Fruit and Nut</td>
<td>44 gms.</td>
</tr>
<tr>
<td>Five Star Bar</td>
<td>7 gms.</td>
</tr>
<tr>
<td></td>
<td>13 gms.</td>
</tr>
<tr>
<td>Feast</td>
<td>7 gms.</td>
</tr>
<tr>
<td></td>
<td>15.5 gms.</td>
</tr>
<tr>
<td></td>
<td>28 gms.</td>
</tr>
<tr>
<td>Perk</td>
<td>7 gms.</td>
</tr>
<tr>
<td></td>
<td>15.5 gms.</td>
</tr>
<tr>
<td></td>
<td>28 gms.</td>
</tr>
</tbody>
</table>

* Data obtained from Kanpur
MARKETING MIX:

The marketing mix of Cadbury relevant to this research as given below:

- **Product and Price**

<table>
<thead>
<tr>
<th>Product</th>
<th>Specification</th>
<th>Pack size</th>
<th>Max. Retail Price*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Milk</td>
<td></td>
<td>42gms.</td>
<td>Rs15.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25gms.</td>
<td>Rs10.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>13gms.</td>
<td>Rs5.00</td>
</tr>
<tr>
<td>Cashew Chunky</td>
<td></td>
<td>42gms.</td>
<td>Rs20.00</td>
</tr>
<tr>
<td>Fruit and Nut</td>
<td></td>
<td>44gms.</td>
<td>Rs22.00</td>
</tr>
<tr>
<td>Crackle</td>
<td></td>
<td>44gms.</td>
<td>Rs18.00</td>
</tr>
<tr>
<td>Five Star</td>
<td></td>
<td>13gms.</td>
<td>Rs10.00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7gms.</td>
<td>Rs5.00</td>
</tr>
<tr>
<td>Perk</td>
<td></td>
<td>7gms.</td>
<td>Rs5.00</td>
</tr>
<tr>
<td>Perk XL</td>
<td></td>
<td>15.5gms.</td>
<td>Rs5.00</td>
</tr>
<tr>
<td>Perk XXL</td>
<td></td>
<td>28gms.</td>
<td>Rs10.00</td>
</tr>
</tbody>
</table>

* Data obtained from Kanpur

- **Place:**

**CHANNEL OF DISTRIBUTION**

Manufacturer ➔ CandF ➔ Distributor ➔ Customer ← Retailer ← Dealer
<table>
<thead>
<tr>
<th>Dealer Principle Relationship</th>
<th>Satisfactory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mode of Transportation</td>
<td>Road</td>
</tr>
<tr>
<td>Healthy Company support available for channel members</td>
<td></td>
</tr>
</tbody>
</table>

- Spacious godowns at prime location with satisfactory transportation facilities

- **Pricing Strategy:**
  - Market Share maximization
  - Overall product leadership
  - Large market share
  - Discount and rebate schemes

- **Promotion Mix:**

  The promotion Mix of the company as follows:

  **Sales Promotion Schemes:**
  - Different festival offers

  **Advertisements:**
  - Electronic Media
    - Different Television Channels
  - Print Media
    - Banner
    - Poster
    - Newspaper
    - Magazine
    - Billboard
Different Campaigns:

- The Lingering Taste of Togetherness
- Chhoo Lo Sitaron Ko, Ab Door Nahin Hai Manzil
- Man Mein Josh Bhar Lo, Ab Tumeh Kuchh Kar Dikhana Hai
- Khane Walon Ko Khane Ka Bahana Chahiye
- Kuchh Khas Hai Jindagi Mein

Event Marketing:

- Sponsor of various National and International Events
- Sponsor of Various TV Programmes