CHAPTER-IV
Companies that live by the marketing concept realize that marketing efforts are more successful when they are carefully planned. Strategic marketing planning is the process of examining a company market opportunities, allocating resources to capitalize on those opportunities, allocating resources to capitalize on those opportunities, and predicting market and financial performance that is likely to occur. The results of strategic marketing planning are documented in the marketing plan[1]. Which summarizes the current situation, states your objectives, and outlines strategies and programs designed to help the organization reach these objectives.

Strategic planning considers both environmental factors on the outside and organizational factors on the inside. Because the marketing concept implies functional integration. So does strategic planning. It incorporates production, research, finance, and other organizational elements necessary for success.

Strategic planning looks beyond immediate circumstances, trying to project market conditions five or ten years into the future. It's important
for marketers to be prepared for changes in the marketing environment, where the changes are political, cultural, technological, or economic. If they’re looking only 6 or 12 months down the road, they run the risk of being caught off guard and not being able to respond to environmental changes before their competitors do.

There is another side to this long-term perspective. As a strategic marketer, you’ll not only consider where the world is going to be in five on ten years, you’ll weight the long-term consequences of the decisions you make today. This might mean that you skip an immediate market opportunity or perhaps you’ll for go short-term profits to invest in long-term technologies, For instance, 70% of firms in a recent study listed profit maximization as their primary objective, where as 80% of the Japanese firms that increase the size of their customer base is usually considered a long-term strategy, unlike profit maximization, which tries to make as much as a money as soon as possible.

Strategic marketing planning is a four-step process that assesses current performance, establishes specific marketing objectives, develops marketing strategies and designs marketing programs. Once the plans are in place, the marketing programs are implemented and the results are monitored. If everything works, the feedback mechanism provides the good news. On the other hand, if the marketing program doesn’t meet expectations, feedback helps marketers tune the process. Strategic
marketing planning is a continuing process, not a one-time event, and continuous monitoring and feedback is the best way in touch with dynamic market conditions.

Before exploring the steps in the strategic planning process, strategy means managing a business that we have analyzed the environment, set some goals, and then made decisions about deploying the various resources at your disposal. In addition to the elements of the marketing mix, a business strategy also encompasses product research and development, manufacturing methods, financial investments and personal management.

The tyre companies market strategy and programme are discussed as.

**RESEARCH AND DEVELOPMENT**

(i) Concept testing

(ii) Product testing

(iii) Test marketing

In the recent past, many modern vehicles in various segments have been launched in the market. This has necessitated that tyres of equally matching technical superiority are made available, as tyres play key role in optimum vehicle performance.
Company's vision to have focussed ‘Research and development “through” Hari Shankar Singhania Elastimer and Tyre Research Institute (HASETRI) an autonomous institute promoted by J. K. Company, is paying rich dividends in the field of product development and has helped the company develop tyres for varied usage in both commercial as well as passenger segments. Developments of technical manpower for Rubber allied Industry is also one of the focus areas of the Institute.

The technological edge of the company has once again been demonstrated by the development of the Eco-friendly ‘Green tyres’ by HASETRI. Substantial investments in tyre mechanics, tyre dynamics and vehicle simulation have been made recently[4]. This has enabled the company in conducting simulations and back to back gruelling product evaluation at test-tracks to develop optimally suitable tyres for the new generation cars on Indian roads.

New products and innovations have become a way of life at tyre companies. In the truck and Bus tyre segments—‘Tanker Lug’ and Jet Haul’ have been introduced as specific application products which have been developed to further segments the truck tyre market, similarly in the LCV category, has been developed and launched for specific target market.

‘Ultima-XP’ car Radial tyre has been developed with value-added features, keeping in mind the technologically advanced needs of the
automotive Industry as well as increasing expectations of the end user. In addition the company has launched a wide range of passenger Radial tyres for new models as well as new products for existing range of vehicles.

In view of the growing demand for a permanent organization to look after the interests of the rubber industry an adhoc committee was constituted by the government to make suitable recommendations during 1946. As per the recommendations of the committee, the government passed the Rubber (production and Marketing) Act, 1947. Which came into force on 18th April 1947 and the Indian Rubber Board was created\textsuperscript{[5]}. The main function of the Rubber Board under the Act are.

* To devise suitable promotional measures such as undertaking research, providing training on improved cultural practices to the target groups, improving processing and marketing of rubber collection of statistics form growers, dealers and manufactures and securing better working conditions to the labour for the overall development of the industry and

* To advise the Government on all matters relating to the development of the rubber industry.

* To enhance the production of NR by increasing production in the traditional area and extension of cultivation to non-traditional areas so as to achieve self sufficiency in NR production.
The Rubber Research Institute of India (RRII) was established in 1955 to undertake scientific research on various aspects relating to production. The four broad research priorities of the RRII are:

(a) Improvements in production and productivity.
(b) Integrated approaches to reduce cost of production and ensuring quality competitiveness.
(c) Research support for extension of cultivation to non-traditional areas.
(d) Improvements in post harvest technology and product development.

(i) Concept Testing: Marketers have narrowed the number of new product ideas, they must analyze the product concept for each remaining idea, examine its fit within the product line, and understand its Sales potential. To start, marketers define each new product concept in specific terms. They may conduct marketing research to understand what consumers want in this product category, and they often construct a perceptual map to help define the product[6]. Once marketers have defined the concept, they ask consumers in the target audience what they think of the idea. Concept testing is a form of marketing research in which consumers evaluate new product ideas by examining written, verbal or pictorial descriptions, this help marketers find out whether their ideas
make sense and whether they appeal to the target market. If the product is particularly complex, it’s sometimes helpful to present a prototype of the proposed product to help customers envision what it is and what it can do. Tyre companies used a questionnaire to test concept and had a diaper service deliver the survey to 10,000 families. After analyzing the responses, of the families some reactions are positive and some are negatives of the target market.

Marketers also ask questions what is the sales potential for this product. Firstly they guessed at the market for each idea. Now they try to come up with a dollar figure, then they must decide whether the company has the resources to make the product successful. If the market for a new product is large enough and the company can support it through product development, lunch, and beyond, marketers give it the go-ahead. The tyre companies used a computer model to size the market for my own meals. Company purchased secondary marketing information, looking at demographic trends, and then applied what they had learned from concept test.

In a fast and increasing by sophisticated market, high-quality Solutions required an even-growing effort in terms of R and D and rubber testing. Thus in Rhein chemie’s terms, success is directly related to close cooperation with the customer, who best knows the demands in his local markets.
This philosophy has direct consequences on the company's workflow with the implementation of a project dubbed internally as total marketing organization (TMO). Rhein chemie's management is pursuing a policy of consistent focus on the customer[7]. This implies smoother internal process, interdisciplinary teamwork, and close ties with customers. The main objective of TMO is to make every one in the organisation aware that he or she is part of the marketing or better customer process.

A relatively new unit within Rhein chemie, Rhein chemie service technologies fits neatly with this strategy. As the name implies it provides complete solutions, tailor-made for the individual customer, ranging from pre-weighed to ready-made blends of rubber chemicals for a specific formulation.

The idea behind Service Technologies is essentially that Rhein chemie intends to become an integral part of their customer's added value chain-through Rhein chemie experts looking after the entire small chemical handling process for the rubber producer, for example. In particular, this involves the service technologies unit providing the optimum selection of raw materials. The quality-critical chemicals are then mixed weighed into a low-melting bag and delivered to the customer "just-in-time" for immediate processing in the mixer.

There is a lot of potential in realising the customer from these routine steps, particularly in terms of effective quality assurance." Said Dr.
Thomas Kromming of Rhein chemie’s service technologies unit. ‘one excellent feature of our products is the comprehensive documentation of product quality which provides an unbroken trail back to all products supplied[8]. This considerably enhances process safety.

Ultimately the company’s comprehensive tried-and-tested quality system leads to significant cost improvement for its customers, who are able to dedicate are able to dedicate themselves completely to their core competence manufacturing outstanding rubber articles.

The ‘close to the customer’ vision behind the new service technologies unit is also inherent in the concept behind Rhien chemie’s.

Rhein chemie’s motto. “Hand in Hand for our customers” stands for smart co-operation between all those involved be it in front of or behind the Rhein chemie benches, to supply high product quality, smooth processes and workflows, customer-focused service innovative R and D, and efficient organization. Rhein chemie is still also known for its wide range of specialty chemicals and additives for the rubber industry, helping to take rubber products beyond their known boundaries.

Rhein chemie is the only supplier in the world which offers the rubber-processing industry a complete range of different release agents under the trade names Rhenodiv and Levaform[9]. In addition to mold release agents, which are also available in silicone free versions, inside
tyre paints and bladder coatings in particular represent an important part of this range. A key feature of both product groups is their cost-effectiveness even when used in small amounts, they produce very good results and just in terms of their release characteristics, but also from other aspects such as mold contamination and venting. Their product range also includes compound release agents which ensure that rubber slabs are separated reliably and cleanly inside the mixing chamber. Dr. M. Bring an expert on release agents employed by Rhein chemie, explained that the company release agents help make operations such as handling of uncured rubber and process such as the tire Vulcanization both cost-effective and ultimately also environmentally friendly. The company also supply strong solutions for special application. Such as silicon-free hose production: such as various lubricants for all types of rubber, from EPDM through to polyacrylate rubbers; making it easier for them to be pulled on and off the mandrel. Rhein chemie also offers the processors sound technical advise on using them smart additives, in line with its motto of "Hand-in-Hand for our customers.

(ii) Product Testing: Marketers now take the new product and put it out in the world to gauge consumer reaction. They can judge which configuration of elements in the marketing mix gives sales the best boost and decide whether the results are encouraging enough to launch the product on a wider scale[10]. This is also the time when marketers may
uncover flaws in the product and still have time to fix them before launching the product. If we see the adverse reactions about the product we test the product according to needs of the customers.

The main aim of the tyre marketers is to respond to the market needs. Tyre companies have been successful in creating clear cut segments for our customer on the basis of their application. Companies have brought in new products to answer some of there needs. This strategy have been backed by massive initiatives across product have been backed by massive initiatives across product categories directly communicating with the customer. well planned below the line activity programmes for truck, LCV, Farm and passenger car radial category have been devised and implemented. Then hour resulted in image building of the brand Apollo, MRF, Bridgestone etc., has also gotten in the volume for the company[11].

The company has charted out a comprehensive communications strategy and advertising forms a part of it. we intend to attain required visibility in the market in keeping with our objectives.

our current corporate campaign reflects our attitude and ambition. we are looking at building this image up year on year.

In product testing these things are included.

(a) Tyre testing

(b) Technical information.
(a) **Tyre Testing**: Tyre testing facilities used by Rubber Consultants are some of the most comprehensive in the world. They are routinely used by raw material suppliers to the tyre industry to prove their products, by approval authorities and other tyre related industries.

Rubber Consultants can assist in developing improved tyre rubber compounds, through to producing and testing the finished product. Small quantities of rubber compound can be produced, subjected to laboratory analysis and manufactured into tyres\(^{[12]}\). The tyres can then be evaluated—either on the road or using a test rig—all on the one site.

**Services available include**: 

* tyre retreading, both conventional and precured, unisection or multisection, for measurement of tread properties
* measurement of tread wear:
  - accelerated trailer testing of both passenger and truck tyres from slip angles of 0.5 degrees upwards
* fleet trials under a range of service conditions
* tyre testing using a Heenan Froude or Akron Standards rig for:
  - UKAS-accredited tyre endurance testing to international standards
  - measurement of heat build-up characteristics
  - determination of rolling resistance for estimation of fuel economy

(134)
* determination of ice, wet and dry tyre traction properties

* tyre analysis, construction and component formulations

Rubber Consultants is also able to retread a full range of tyre sizes by employing both the conventional "hot-cap" and precured techniques using compounds developed and mixed on-site. We can provide retread manufactures with third party quality assurance information. Rubber Consultants can also provide precured tread manufactures with product and techniques assessments.

* For more information on how we can help you to improve the tyres you produce, contact Paul Brown.

Rubber Products Testing Unit:

The Rubber Products Testing Unit of the Malaysian Rubber Board comprises two Sections dedicated to testing rubber and rubber products, viz. The Physical Testing Laboratory and the Tyre Testing Laboratory.

The Physical Testing Laboratory (PTL) is the most comprehensively equipped laboratory in this part of the world for testing rubber and rubber products. It was also the first laboratory within the government service to be accredited with the quality management system ISO/IEC/17025 for testing and calibration laboratories under the 'Skim Akreditasi Makmal Malaysia (SAMM)'.

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The PTL can undertake testing to International Standards (ISO), and all the major national standards such as Malaysia Standards (MS), British Standards (BS), American Society for Testing and Materials (ASTM), Japanese Industrial Standards (JIS), etc. Tests to other national standards may also be accommodated. In addition to providing some calibration services, the PTL also undertakes performance tests on complete products or components, and if necessary, such performance tests may be designed to suit individual needs. The PTL is constantly involved in upgrading its complement of test equipment. All test equipment are subjected to stringent calibration routines. To maintain the integrity of its results, the PTL participates in international inter laboratory proficiency testing. It also organises such cross-checks for Malaysian testing laboratories.

Staff of the PTL keep au fait with developments in the field of physical testing of rubber and rubber products by actively participating in the deliberations of the International Organisation for Standardisation (ISO).

Tyres and tyre related products account for about 65% of natural rubber usage worldwide and is the second largest rubber product sector in Malaysia. Requirements of tyres have also become more stringent as a result of improvements in automobile performance, highway standard and increasing requirements in safety, comfort and economy. Vehicle
manufacturer/assembly companies also require that the tyres meet certain specifications. Export tyres often have to be tested and certified by an independent, third-party laboratory.

The MRB Tyre Testing Laboratory is the only independent tyre testing facility available in Malaysia and the Asia-Pacific. One of the constraints faced by the industry is the large capital expenditure and technical expertise in tyre research and development. The MRB has certain testing capability not available in the facilities of the Malaysian tyre companies. MRB thus acts as a centralised test centre where Malaysian tyre/retread/tube companies can obtain the benefit of economical and competent testing services. Retreads are safety-related products and conformity to ISO 9002 is one of the steps towards improving retreads safety and achieving an orderly development of the retreading industry. Large, reputable tyre retreaders often conform to the SIRIM ISO 9002. Part of the requirement of the SIRIM ISO 9002 QSAS (Quality System Assurance Supplement) is to have regular surveillance testing of their retreaded tyres. The MRB has been emphasizing on providing fast, accurate, comprehensive and effective services to the rubber product manufacturing industry. The comprehensive facilities at the Tyre Testing Laboratory is one of MRB's contribution towards the developing and helping to provide an additional competitive edge to the Malaysian tyre and retreading industry.
When to use the Testing Services

The following is a guide on when to use the MRB's physical testing services:

* You need to test specifications, but do not have the equipment.
* You need to test a product but do not know how.
* You need an independent and confidential test report.
* You need an independent assessment of the quality of a product.
* You need to establish a specification for your product.
* You need to produce data sheets on your products.
* You need data for design purposes
* You need to know why products fail in service.

(b) Technical Information:

1. Tyre Design and Development

The process used by Toyo for the design & development of new tires for cars, RV's, light and heavy trucks is essentially the same:

**STAGE 1, PLANNING:** At this stage decisions are made as to what specific products need to be developed. Information is sent to Japan from markets around the world regarding the new products that these specific markets require. Due to unique operating conditions, some markets require products with specific features for optimum performance.
The potential volume of sales for the products requested will determine if it is economically viable to design & develop these products for eventual production. When decisions are made regarding what products will be designed & developed, time & resources are allocated for this purpose.

**STAGE 2, DESIGN** : For every tyre being designed, all features are chosen to give optimum performance for the intended application. Often designers also take into account market trends and/or user demands when choosing features.

**Example** :

**Tyre Type** : Truck/Bus Radial. Tyre Size : 295/80R22.5.

**Haul Length** : Short to Medium. **Axle Position** : All-Position, Primarily steer axle. **Surface Type** : Primarily sealed.

**Feature** : Tread pattern. A zig-zag rib design is chosen as it is most effective for transmitting steering forces to the road surface, but with how many ribs?

Due to the thinner ribs, the 5-rib design runs cooler than the 4-rib design, & therefore should perform best in long-haul, high average speed applications. The 4-rib design has less tread-flex than the 5-rib design, & therefore should perform best in short to medium haul applications which involves comparatively more cornering, stopping & starting than long-haul applications.
5-Rib Design

4-Rib Design

STAGE 3, SIMULATED USE: All the features from stage 3 are combined with software developed by Toyo to produce a computer simulation. This software allows engineers to simulated the running of the tyre. These simulations allow engineers to assess such factors as heat build-up, rolling resistance, tread noise & cornering forces. Where results do not meet requirements, modifications are made and another simulation is performed to assess the modifications.

Toyo has been using computer simulation technology for well over a decade. For this reason, the accuracy of simulations is continually improving. The use of computer simulations has drastically reduced the time taken to develop new tyres. Toyo will soon introduce a new tyre design basis technology that includes specific vehicle characteristics & driving situations into computer simulations. This technology will be unique in the tyre industry.

STAGE 4, LAB TESTING: A small number of tyres are handmade for laboratory & track testing purposes. Several lab tests are conducted on these tyres primarily to confirm the results of computer simulations. Data from lab & track testing is added to the database that is used to generate computer simulations.

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STATE 5, TRACK TESTING: Track testing is used to confirm the results of lab tests. Track testing also begins to evaluate many subjective tyre characteristics & vehicle behaviour as it related to the new design tyres. Toyo has two dedicated test courses in Japan.

STAGE 6, FIELD TESTING: The majority of tyres sold by Toyo in Australia are tested in Australian conditions to ensure their suitability before being released for general sale. Test users are chosen due to the fact that they are representative of common users of the test tyre type. The test tyres are inspected at various times throughout their life. Data such as wear rates, wear patterns, as well as the user's opinions on the tyre's performance, is collected & analyses. Where tyre performance does not meet targets, the tyre may be rejected for sale in Australia, or recommendations made to modify the product. When modifications are made, the field test process is repeated to ensure the modifications are successful.

1. Cornering Testing Machine

   Snow Tyre Test Course

2. Caravan & Trailer Tyres

   Do you have a caravan or trailer that is rarely used? Make sure the tyres are checked before towing. Tyres fitted to caravans & trailers usually have a slow wear rate & rarely wear-out. Like most products,
tyres deteriorate with age. If your caravan or trailer tyres look like the tyre on the right, replace them! If you are not sure, seek professional advice. Be sure to check pressures. Correct pressures will be determined by the weight the tyres will carry.

3. Compound analysis, Material characterization

4. Evaluations as per ASTM, BS, DIN, BIS etc.

5. Conventional physical and chemical properties including accelerated ageing in Air, Oils, Fuels, Greases.

6. Use of high-tech equipments eq-Gc-Ms, FTIR, TGA, DSC, DMA, weather-o-meter, stress relaxation, Resistance to cold temperature, ozone resistance.

(c) Test Marketing: One of the advanced techniques used by the tyre marketer is test marketing is which tyre's marketers attempt to measure customer's buying behaviour without having these actually make purchase in a real-life setting.

There are two ways to do this. The first is with laboratory experiments, such as the mock super markets that some consumes goods marketers use. Representative consumers are asked to go shopping in this laboratory setting, choosing from the available products. By watching how
people shop and tallying the results, we can predict sales in the real world with some degree of accuracy. The second approach is based on the concept Simulated test marketing[13]. Simultaneous can be created both with catalogs of real and planned product and with computer software that presents various products and features of the screen.

The next step beyond choice modeling is simply to get out in the market place and sell how well your product will sell. Test marketing as the name implies, involves testing the marketability of a product by marketing it on a limited scale. For some radically innovative products this may be only way to predict market reaction. The scope of the test is much more limited than a full-scale introduction would be, after involving only a few cities or towns. The performance of the product should be a good predictor of its performance in the larger market if the test sites have been well chosen test marketing is expensive, though and some costs related to production and marketing are almost as large as if full-scale marketing had been undertaken.

In case where the costs to develop the product for exceed the costs of marketing it, companies usually skip test marketing. These companies have already spent the big money and their. only choice now is to market the products as aggressively as possible.
A market testing is done before launching the new product. This will help us find out whether the product can be launched successfully on a commercial scale or not. The test marketing is shown below figure:

Fig. : Market test decision Tree alternative decisions

This figure shows that how the market testing are done, market testing varying with the type of goods. Tyre testing normally undergo Alpha and Beta testing. Alpha testing refers to the in-company product testing to measure and improve product performance, reliability, design and operating cast. Following satisfactory results company will initiate Beta testing which involves inviting potential adopters to permit confidential testing at their sites. Beta testing provides benefits to both
the vendor's and the test sites. The vendor's technical people observe how these test sites use the product, a practice that often exposes unanticipated problems of safety and servicing and clues the vendor about customer training and servicing requirements. The vendor can also observe how much value the equipment adds the customer's operation as a clue to subsequent pricing. The vendor will ask the test sites after the test to express their purchase intention and other reactions.

The test sites also benefit in several ways: they can influence the vendor's product design, gain experience with the new product ahead of competitor's receive a price break in return for their cooperation, and enhance their reputation as technological pioneers. At the same time, the vendor has to carefully interpret the Beta test results since only a small number of test sites are used, they are not randomly drawn, and the tests are some. What customized to each site, therefore limiting general-izability another risk is that test sites which are unimpressed may leak unfavourable reports about the product under development.

The second market testing method is to introduce the new business product is called trade shows. In a trade shows, there are large number of buyers, who view new products in a few concentrated days. The vendor can observe how much interest buyers show in the new product, how they react to various features and terms, and how many express purchase
intentions or place orders\textsuperscript{14}. The disadvantage is that trade shows reveal the product to competitors; therefore the vendor should be ready to launch the product at that point.

Tyre products can also be tested in distributor and dealer display rooms, where it may stand next to the manufacture's other products and possibly competition's products. This method yields preference and pricing information in the normal selling atmosphere for the product the disadvantages are that the customers might want to place orders that cannot be filled, and those customers who come in might not represent the target market.

Test marketing has been used by some tyre manufactures. They produce a limited supply of the product and give it to the salesforce to sell in a limited set of geographical areas that receive promotional support printed catalog sheets, and soon. In this way, management can learn what might happen under full-scale marketing and make a more informed decision about commercializing the tyre product (II)

Tyre market testing gives management information to decide about, whether to lunch the new product. If the company goes ahead with commercialization it will face its largest costs to date. The company will have to contract for manufacture or build or rent a full-scale manufacturing facility. The size of the plant will be a critical decision
variable the company can build a plant smaller than called for by the sales forecast, to be on the safe side. The demand. So exceed the company's sales forecast that for about a year it could not supply enough product to the stones.

Another major cost is marketing. To introduce a major new consumer packaged into the national market; the company may have spend million money in advertising and promotion. The company decide when, where to whom and how product commercialise.

When (Timing) : In commercializing a new product, market entry timing can be critical generally the tyre companies have there choices.

(a) First Entry : According to the Mc. Kinsey (12) when the product firstly introduce into the market even if its over budget, is better than coming in later; but on budget on the other hand, if the product is rushed to the market it is thoroughly debugged, the product can acquire a flowed image.

(b) Parallel Entry : The firm might time its entry with the competition. If the competitor rushed to launch, the company does the same. If the competitor takes its time, the company also takes time, using the extra time to refine its product the company might want the promotional costs of launcing to be borne by both of them.
(c) **Late Entry**: The firm might delay its launch until after the competitor has entered. There are there potential advantages. The competitor will have borne the cost of educating the market. the competitions product may reveal faults that the late entry can be avoid. And the company can learn the size of the market.

**Where (Geographical Strategy)**: After timing the company has to decide geographical strategy, whether to launch the new product in a single locality a region, several regions, the national market or international market. The companies will develop a planned market roll out over time, companies particularly select an attractive city and put on campaign to enter the market. They will enter other cities one at a time. Large companies will introduce their product into a whole region and then move to next region.

**To whom (Target-Market prospects)**: Tyre companies must target its distribution and promotion to the best prospects Groups. The company has already profiled the prime prospects prime prospects for a new consumer product would ideally have the following characteristics. The would be early adopters; they would be heavy users they would be opinion leaders' and they could be reached at a low cost. The company can rate the various prospect groups on these characteristics and target to the best prospect group.
Market testing of tyres can yield valuable information about buyers, dealers, marketing programme effectiveness, market potential and other matters. The main issues are, How much market testing and what kind?

The amount of market testing can be influenced by the investment cost and risk on the one hand, and the time pressure and research cost. High investment/risk products deserve to be market tested so as not to make a mistake; the cost of the market tests will be an insignificant percentage of the total project cost. But the amount of market testing may be severely reduced if the company is under great time pressure because the reason is just starting or because competitors are about to launch their brands. The company may therefore prefer the risk of product failure to the risk of losing distribution on market penetration on a highly successful product. The cost of market testing will also affect how much is done and what kind.

**Methods of market testing**: In testing the market of tyres, the company wants to learn how many and what type of retailers will handle the product, under what terms, and with what self-position commitments\[^{15}\].

There are few methods of market testing of tyres which are given following.

1. **Sales waves Research**: Sales waves research enables the company to estimate the repeat-purchase rate under conditions. Where
consumers spend their own money and choose among competing brands. The company can also gauge the impact of alternative advertising concepts on producing repeat purchases. Finally, sales-wave research (13) can be implemented quickly, conducted under relative competitive security, and carried out without needing to develop final packaging and advertising.

2. Simulated Test Marketing: In this concept of test marketing the Marketer calls for finding 20 to 30 qualified Retailers and questioning them about their brand familiarity and preferences in a specific product category. They are then invited to a brief screening of commercials on print ads, including well-known ones and new ones. One advertising the new product, but it is not singled out for attention. The consumers receive a small amount of money and invited into a store where they may buy any items. Even those who did not buy the new brand are given the brand as a free sample. The company notes how many.

Consumers buy the new brand and competing brands. This provides a measure of the ad’s relative effectiveness in stimulating trial against competing ads. The consumers are asked the reasons for their purchases or non-purchases. Some weeks later, they are reinterviewed by phone to determine product attitudes, satisfaction, and repurchase intension and are offered an opportunity to repurchase and products.
This method has several advantages, including the measuring of advertising effectiveness and trial rates, results that are available in a much shorter time and at a fraction of the cost of using real test markets, and competitive security. The results are usually incorporated into new-product forecasting models to project ultimate sales levels. Marketing research firms report accurate predictions of sales levels of products that are subsequently launched in the market.

3. **Controlled Test marketing** : Controlled test marketing allows the company to test the impact of in-store factors and limited advertising on consumer’s buying behaviour without involving consumer’s directly. A sample of consumers can be interviewed together their impressions of the product. The company does not have to use its own sales force give trade allowances, or buy distribution. On the other hand controlled test marketing provides no information on how to sell the trade on carrying the new product. This technique also exposes the product to competitors.

Test markets are the ultimate way to test a consumer product in a situation resembling the one that would be faced in a full-scale launching of the product. The company usually works with an outside research firm to locate a few representative test cities in which the company’s sales force will try to sell the trade on carrying the product and good it good shelf exposure. The company will put on a full advertising and promotion
campaign in these markets similar to the one that would be used in national marketing.

Tyres marketer's use this method and make several decisions which are following:

1. How many test cities
2. Which cities particularly this test is used
3. Length of test (duration of test)
4. What information
5. Which actions to take.

Test marketing can yield several benefits. Its primary benefit is to yield a more reliable forecast of future sales. If product sales fall below target levels in the test market, the company must drop or modify the product on the marketing programme.

Other benefit include the following: The company may discover a product fault; the company picks up valuable clues to distribution-level problems; and the company may gain better insight into the behaviour of different market segments.

In spite of the benefits of test marketing, many companies question its value today. In this fast-changing market place, companies that have spotted an unfulfilled need are lager to get to the market first. Test
marketing would slow them down and reveal their plans to competitors who will rush to develop their own rival products. Further more, aggressive competitors take steps to spoil the test markets, making the test results less reliable.

**DISTRIBUTION STRATEGY**

The distribution strategy is concerned with the product or service placement mainly their are two categories of issues and decisions which need to be handled while designing the distribution strategy these are:

1. Management of marketing channels and
2. Management of physical supplies.

Channel decisions refer to the managerial decision on the selection of best routs or paths for moving goods from producer to the consumer. Channels of distribution are concerned not only with the physical movement of goods but also with their promotion, selling and marketing channel.[16]

The term channels of distribution is used to refer to the various intermediaries who help in moving the product from producer to the consumer. There are a variety of middlemen and merchants who act as intermediaries between producers and consumers.

Channels of distribution are the most powerful element among marketing mix elements. Many products which were intrinsically sound died
in their infancy because which were intrinsically sound died in their infancy because they never found the right road to the market. On the other hand by developing a sound distribution network and launching aggressive advertisements campaigns a company can curve out a niche for itself.

There is an elaborate distribution network through which tyres are supplied to the users. There are nearly 6000 dealers sell tyres to Sub-dealers. The numbers of sub-dealers is also about 7000. Apart from the dealer network, many companies have established depots[17].

These depots, which are spread over a wide geographical era, are managed by the marketing personnel and service engineers of the various companies.

The replacement market segment is mainly served through the dealer network and company depots. Tyres are sold directly to big fleet operators, large institutional buyers, original equipment buyers, defence establishments, and railways. State road transport corporations bus tyres directly from companies through an open tender system. The contract is awarded to the successful bidder on the basis of factors such as price and delivery schedules.

Channel decisions refer to the managerial decisions on the selection of best routes or paths for moving goods from produces to the consumer.
Channels of distribution are concerned not only with the physical movement of goods but also with their promotion, selling and marketing control.

The term channels of distribution is used to the various intermediaries who help in moving the product from the producer to the consumer. There are a variety of middlemen and merchants who act as intermediaries between producer and consumers. Marketing managers face two sets of decisions when considering marketing channels. The first set of decisions leads to a selection of one or more channels, the second set deals with the extent or intensity, of distribution.

**Channel selection Criteria:**

Analysing and understanding the target market is the first step in selecting marketing channels. There are several factors that an analysis of the market should explore, ranging from customer type to competitive presence.

(a) **Market factors**: Analysing and understanding the target market is the first step in selecting marketing channels. There are several factors that an analysis of the market should explore, ranging from customer type to competitive presence.

(b) **Customer preferences**: Channel selection criteria is also depends upon the taste and preferences of customers.
(c) **Market size** : Establishing a distribution channel can require a sizable investment, so companies need to make sure that the market they're about to serve will return enough dollars to make it worth while.

(d) **Competition** : The fourth criteria of channel selection is the competition who is helpful for channel setting.

**Distribution Intensity** : The second set of decisions regarding marketing channels concerns intensity of distribution depending on a firm's products objectives and customers, different level of intensity make more or less sense. Also, distribution intensity is frequently modified as a product progress through its life cycle. Marketers have three basic levels of intensity to choose forms intensive, selective and exclusive.

(a) **Intensive Distribution** : This type of strategy is very commonly used by the tyre marketers that they are trying to reach a wide audience usually opt for a strategy of intensive distribution, which seeks to put products in customers hands whenever and wherever possible, to the greatest extent possible for instance, Goodyear, would like everyone in the country to have access to its tires. To meet this objective, the companies uses three marketing channels. Each channel has a different cost versus-cover-age trade-off and together they give Goodyear an optimum mix of sales volume and profitability. The first channel of these tyre Industries its own chain of retail stores. The second is a string of
franchise called Goodyear Go centers, which outnumber the captive retail stores and substantially increase marketing coverage. The third channel is a network of independent tire dealers who carry other lines in addition to Goodyears. Goodyear has very little control over the marketing of its tires through the independent dealers, but this channel meets the company's objective of exhaustive market coverage.

(b) Selective Distribution: With many tyre products maintaining a luxury image is crucial to the product success. For example MRF, Bridgestone etc.

Some companies employ selective distribution for a much less glamorous reason money. For example local tyre companies like Malhotra tyres, Dewan Tyres etc. Setting up a broad distribution network is expensive forcing many cash-hungry companies to settle for selective distribution.

(6) In addition, selective distribution makes sense when the customer base is located only in selected geographic areas.

Exclusive Distribution: At the opposite and of the universe from intensive distribution is exclusive distribution in which a product is available in only one outlet in a given market area. This can be considered an extreme case of selective distribution, in which a producer is so intent on maintaining a products image that it doesn't mind making
customers work a little harder. Exclusive distribution also reduces intrabrand competition, which results from two outlets selling the same product to the same market. By eliminating competition in its own brand, a produces and its intermediaries, can team up to attack other brands instead.

Expensive radial tyres are frequently given exclusive distribution. Industrial equipment is also frequently distributed in exclusive arrangements to suppress intrabrand competition.

**Integrated Marketing Channels:** In order to make marketing channels more efficient and effective, producers and intermediaries frequently join together to build integrated channel systems. For example, members in a channel system can decide who will take care of warehousing, promotion, and financing in ways that benefit all the members of the channel\(^{18}\). If contrast, conventional channels have little or no structure and less coordination among intermediaries. Any coordination that is achieved usually happens through negotiation or bargaining. Conventional channels also tend to make unstable members aren’t united by common goals, so they feel free to enter or exit the system if it suits their indusia business objectives. Integrated systems, on the other hands are controlled to varying degrees and members are united by common goal and in some cases, legal contracts. This section compares horizontal and vertical integration, the two ways systems can be
built, and it explores several common types of vertically integrated channels.

**Horizontal Marketing Systems**: Horizontal Integration combines multiple intermediaries at the same stage in the channel integration when they open additional outlets to handle new market areas or purchase competitive outlets. The MRF tyre company’s network of 1000 company-owned stores makes up a horizontally integrated channel system; the company broadened its market coverage by adding more and more of the same kind of function. Although horizontal systems can deliver significant benefits, including advertising and purchasing leverage, they can’t provide the level of control over the entire channel structure that is possible with vertical marketing systems.

**Vertical Marketing Systems**: A horizontal system combines multiple units of the same type, whereas a vertical marketing system (VMS) combines different types of intermediaries to form a cohesive chain from the producer to the last intermediary. This process is called vertical Integration. As seen in figure, a vertical marketing system can include the producing, wholesaling and retailing function, all acting in a more-or-less coordinated fashion. There are three common classes of VMS, to consider: corporate systems, administered systems and contractual systems.
Corporate Systems: In some marketing systems, one company owns the entire chain, from producing goods and services all way to selling them to final customers. Such an arrangement is called a corporate marketing system because all the elements in the channel are under the control of one cooperation. This system is very commonly used in local tyre companies like Dewan Tyres, Malhotra tyees etc.

Administered system: The second type of VMS features a dominant company, but not the exclusive ownership of one corporation. In the administered marketing systems one company dominates by coordinating activities in the channel. Though, it has no formal organizational.
Structure, an administered system has at least a minimal amount of cooperation because the non dominant members recognize the advantages of cooperating with the leaders. The company that dominates the channel in these systems is usually either a large producer or a large retailer.

**Contractual Systems**: The third major type of VMS falls between the other two in terms of control and coordination. Contractual marketing systems have formalized working relationships not found in administered systems, but they do not have the controlling ownership of corporate systems. As the name implies, members are bound by contracts specifying responsibility for each channel function. There are more than a dozen types of contractual systems; the most common ones are wholesales sponsored voluntary chains, retailer cooperatives and franchiser.

In a wholesaler-sponsored voluntary chain, one or more wholesalers pull together a group of Independent retailers. The retailers benefit by getting promotions and purchasing power on a large scale than any of them could achieve alone. And the wholesalers benefit by building loyalty among the retailers. An important wholesalers sponsored voluntary chain is the Independent Grocers Alliance (IGA), which gives members retailers help in their competitive battles with large grocery chains.

A second voluntary group in the retailer cooperatives in which the retailers rather than wholesalers, lead the group. These cooperatives have
become particularly important in the retail tyre business. In general wholesales sponsored cooperatives have been more effective than retailer-sponsored groups because control is concentrated in the hands of fewer firms.

The third contractual VMS to consider is the franchise, which involves the licensing of a complete business format to independent business owners. The franchise owners engage in business using the franchisor's name, brands, trade marks and other identifiers. This arrangement also relies on standardized methods of business among all the franchise owners. The benefit of franchising include rapidly expanded territorial coverage with little investment, financial assistance from franchises to help with corporate advertising, and motivated franchise owner-managers have a stake in the success of each outlet on the negative side, business looking to franchise can face shortages of suitable franchises, less control over operations in individual outlets, and conflict between channel partners.

Thus retailing and wholesaling consist of many organization involved in bringing goods and services from the point of production to the point of use.

Retailing includes all the activities involved in selling goods or services directly to find consumers for their personal, non business use
Retailers can be classified in terms of store retailers, non-store retailing and retail organizations.

There retailers in tyre Industry treated as sub dealers. The number of sub-dealer is our counting is about. Apart from the dealer network, many company established depots. These depots, which are spread over a wide geographic era, are controlled by marketing personnel and service Engineers.
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