BBA 4319

Marketing Management

Study Module

স্কুল অব বিজনেস

SCHOOL OF BUSINESS

বাংলাদেশ উন্মুক্ত বিশ্ববিদ্যালয়

BANGLADESH OPEN UNIVERSITY

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Syllabus

1. **Defining Marketing for the 21st Century:** The Importance of Marketing; The Scope of Marketing; Core Marketing Concepts; The New Marketing Realities; Company Orientation towards the Marketplace; Marketing Management Tasks.
2. **Developing Marketing Strategies and Plans:** Marketing and Customer Value; Corporate and Division Strategic Planning; Business Unit Strategic Planning; Product Planning: The Nature and Contents of a Marketing Plan.
3. **Conducting Marketing Research and Forecasting Demand:** The Marketing Research System; The Marketing Research Process; Measuring Marketing Productivity; Consumer characteristics that influence the buying behavior.
4. **Dealing with Competition:** Competitive Forces; Identifying Competitors; Analyzing Competitors, Competitive Strategies for Market Leaders; Other Competitive Strategies; Balancing Customer and Competitor Orientations.
5. **Setting Product Strategy:**
   Product Characteristics and Classifications; Differentiation; Product and Brand Relationships; Product-Mix Pricing; Co-Branding and Ingredient Branding; Packaging, Labeling, Warranties and Guarantees.
6. **Developing Pricing Strategies and Programs:**
   Understanding Pricing; Setting the Price; Adapting the Price; Initiating and Responding to Price Changes.
7. **Managing Personal Communications:**
   Direct and Interactive Marketing, Personal Selling, Direct Marketing, Interactive Marketing, Word of Mouth Marketing.
8. **Introducing New Market Offerings:**
   New-Product Options; Challenges in New-Product Development; Organizational Arrangements; Managing the Development Process: Concept to Strategy; Managing the Development Process: Development to Commercialization; The Consumer-Adoption Process.
9. **Managing a Holistic Marketing Organization for the Long Run:**
   Trends in Marketing Practices; Internal Marketing; Socially Responsible Marketing; Corporate Social Responsibility; Socially Responsible Business Models; Cause-Related Marketing. New Views on Corporate Social Responsibility; Marketing Implementation; Evaluation and Control.

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Defining Marketing for the 21st Century

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- Lesson-4: Rapid Adoption of Marketing Management

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

The marketing process has become a pervasive force within our social and economic environments. Our primary objective in this unit, therefore, is to provide an understanding and appreciation of the role and scope of marketing within our society and individual organizations. As a business executive and entrepreneur of the future, you need to understand how marketing activities can help the public to meet its needs and assist organizations to compete in an already intensely competitive environment successfully. This unit explains what marketing is, what the core concepts underlie the discipline of marketing, what basic tasks marketing managers perform, the five competing concepts under which organizations can choose to conduct their marketing activities, and what role marketing plays in different industries, in nonprofit organizations, and in different countries.

Lesson - 1: Marketing – Primary Discussion and New Realities

Objectives of this lesson

After reading this lesson, you will be able to:

- Know what marketing means
- Identify and explain the core concepts of marketing

Understanding Marketing

Marketing is often misunderstood. Many think it is only about selling, advertising, or promotion. While these are part of marketing, they do not capture its full meaning. In reality, marketing is about understanding, serving, and satisfying human needs.
A successful company:

- Identifies customer needs.
- Develops products and services that meet those needs.
- Prices, distributes, and promotes them effectively.

Example:
A clothing brand in Bangladesh that only focuses on making designs it likes may fail. But a brand that studies customer preferences, creates trendy yet affordable styles, and distributes them through both retail stores and online platforms is more likely to succeed.

According to **Philip Kotler**, "marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others."

The American Marketing Association defines marketing as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that value customers, clients, partners, and society at large."

Core Concepts of Marketing

i. Needs, Wants and Demands

Need: A need is a state of felt deprivation**.** Customers may feel having food, clothing, shelter (physical needs); friendship, belonging, love (Social needs); self-expression, knowledge, creativity (Psychological needs)
Example: Hunger is a physical need. Wanting to eat with friends at a restaurant also includes social needs.

Theremay be five types of needs.

a. ***Stated Needs*** – What the customer says outright (e.g., "I want a smartphone under $300").
b. ***Real Need*s** – The actual requirement behind the statement (e.g., a phone with good battery life and reliable performance).
c. ***Unstated Needs*** – Expectations the customer doesn't mention but assumes (e.g., easy warranty service).
d. ***Delight Needs*** – Extras that pleasantly surprise the customer (e.g., free wireless earbuds included).
e. ***Secret Needs*** – Hidden desires tied to personal image (e.g., wanting to own the latest model to impress peers).

Want: Wants are shaped by culture, personality, and lifestyle.
Example*:* To satisfy hunger (need), a Bangladeshi may want rice, while an Italian may want pasta.
Demand: When wants are backed by **purchasing power and willingness to buy**, they become demands.

Example: Many people want an iPhone, but only those who can afford it and are willing to pay for it create demand.

- Offerings and Brands – An offering is the tangible or intangible combination of products, services, information, and experiences that deliver a value proposition—the set of benefits satisfying customer needs. A brand is an offering from a known source that creates strong, favorable, and unique associations in consumers' minds (e.g., Apple).
- Marketing Channels – Pathways used to reach target markets. There are three marketing channels. They are-
- Communication channels – Media and methods (ads, social media, emails) for sending and receiving messages.
- Distribution channels – Direct or indirect routes to deliver offerings to buyers.
- Service channels – Intermediaries like logistics, banks, and insurance providers that facilitate transactions.
- Paid, Owned and Earned Media– Ways to interact with customers.

a. Paid media – Promotional content purchased (ads, sponsorships).

- Owned media – Brand-controlled platforms (websites, blogs, social media pages).
- Earned media – Public or consumer-driven exposure (word-of-mouth, viral buzz).
- Impressions and Engagement –

  Impressions: The number of times consumers view a marketing communication (e.g., an ad seen on TV or Instagram), measuring reach but not impact.
  Engagement: The level of customer attention and active interaction (e.g., Facebook likes, comments, content sharing). Engagement is more valuable than impressions as it indicates active participation.
- Value and Satisfaction –

  Value: The sum of tangible and intangible benefits minus costs, often described by the *Customer Value Triad* – quality, service, and price (QSP). For example, a premium coffee brand offers high quality and service at a fair price.
  Satisfaction: A customer's judgment of performance vs. expectations—disappointed (below), satisfied (equal), or delighted (above).
- Supply Chain – The entire network from raw materials to final product delivery.

  Example: Coffee supply chain – from Ethiopian farmers to Fair Trade cooperatives to retailers. Firms expand upstream or downstream to capture more value; disruptions (e.g., Johnson & Johnson manufacturing issues) can harm business.
- Competition – All actual and potential rival offerings and substitutes a buyer might consider.

  Example: An automaker may choose steel from U.S. Steel, Japan, or Korea, or switch to aluminum (Alcoa) or plastics (SABIC). Recognizing substitutes is key to defining competition broadly.
- Marketing Environment –The external forces and internal actors affecting a company's ability to serve its customers.
- Task Environment: Direct participants in producing, distributing, and promoting offerings—company, suppliers (e.g., marketing agencies, transport firms), distributors, and customers. They have a direct impact on business. They are controllable & predictable.
- Broad Environment: Six components—demographic, economic, socio-cultural, natural, technological, and political-legal. They have an indirect impact on business. They are uncontrollable & unpredictable.Example: A shift toward electric vehicles driven by technological trends and environmental regulations creates new market opportunities.

Activity:

Choose a product or brand you know well. Briefly explain:

1. The needs, wants, and demands it fulfills.
2. Its main marketing channels (how it reaches customers).
3. How it creates value and satisfaction for customers.

Discussion Questions:

1. Explain the core marketing concepts using examples.
2. Differentiate between need, want & demand using examples.
3. How are the terms ‘value’ and ‘satisfaction’ related?
4. What is the difference between the task environment and the broad environment? How do these impact marketing decisions?
5. How do different types of customer needs affect product development?
6. What role do marketing channels play in delivering value to customers? Can you give examples of communication, distribution, and service channels?
7. Discuss the difference between paid, owned, and earned media. Which do you think is most effective today and why?

Lesson - 2: Defining Marketing Management and Tasks

Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the impact of marketing on individuals and organizations
- Define and describe marketing management
- Understand different states of demand, and
- Explain the tasks performed by a marketing manager

Marketing impacts our daily lives and influences consumer behavior in many ways. marketers face different demand states for their products, each requiring specific marketing actions.

The Impact of Marketing

Marketing is dynamic and involves various activities beyond advertising and sales, including research, branding, packaging, and distribution. Marketing also improves quality of life by promoting awareness of important social issues like health and safety. With its diversity, marketing offers wide career opportunities across many sectors, including business firms, nonprofits, and government agencies.

Marketing Management

According to Philip Kotler, "Marketing Management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value".

A marketing manager's role goes beyond stimulating demand; they must also influence its level, timing, and composition to help achieve organizational objectives. Since demand varies in different states, marketers must adapt their strategies accordingly.

Different States of Demand

1. **Negative Demand** – When most consumers dislike a product and avoid it. *Example:* People resisting vaccines or some reject insurance policies due to distrust. *Marketing action:* Identify reasons and modify product, price, distribution, or promotion.
2. **No Demand** – When consumers are unaware or uninterested. *Example:* Housewives ignoring a complicated new iron; rural customers uninterested in luxury cars. *Marketing action:* Align product features with customer needs to spark interest.
3. **Latent Demand** – When needs exist but current products don't satisfy them. *Example:* Demand for affordable electric vehicles in Bangladesh, where current models are expensive or unavailable.
   Marketing action: Assess market size and develop suitable products.
4. **Declining Demand** – When product sales fall over time.
   Example: Jute goods are losing popularity; demand for landline phones is decreasing due to mobile use.
   Marketing action: Find causes and try to revive demand via new markets or product changes.
5. **Irregular Demand** – Fluctuating demand due to seasons or times of day. *Example:* Dhaka children's park is crowded on holidays; electricity demand peaks in summer afternoons.
   Marketing action: Use flexible pricing, promotions to balance demand
6. **Full Demand** – When demand meets the company's capacity satisfactorily. *Marketing action:* Maintain quality and monitor customer satisfaction.

7. **Overfull Demand** – When demand exceeds the company's capacity. *Example:* Popular mobile internet packages exceeding bandwidth.
   Marketing action: Use demarketing—raise prices, reduce promotions to lower demand.
8. **Unwholesome Demand** – Demand for socially or religiously discouraged products. *Example:* Cigarettes, alcohol, pirated videos, illegal drugs.
   Marketing action: Campaigns using fear, price hikes, and reduced availability to discourage use.

Marketng Manager Tasks

- **Developing Marketing Strategies and Plans:** A marketing manager should identify long-term opportunities by leveraging the company's strengths and market experience and create detailed marketing strategies and tactics accordingly.
- **Capturing Marketing Insights:** They should use marketing information systems to monitor the environment—including suppliers, competitors, and customers—and conduct research to forecast demand and guide budgeting decisions.
- **Connecting with Customers:** A marketing manager should understand consumer and business markets deeply to create value and build strong, lasting customer relationships while tailoring sales efforts to target segments and exploring global opportunities.
- **Building Strong Brands:** They should segment the market, select the most promising target groups, and position products effectively by deciding on the brand image and pricing strategies to stay competitive.
- **Creating Value:** The manager should focus on product quality, features, and packaging, offer added services such as leasing, delivery, and training, and develop new products aligned with changing market needs.
- **Delivering Value:** They must design efficient distribution channels by collaborating with retailers, wholesalers, and logistics providers to ensure product accessibility for customers.
- **Communicating Value:** A marketing manager should implement integrated marketing communication programs combining advertising, sales promotions, events, public relations, and digital media, alongside personal selling and direct marketing for personalized engagement.
- **Conducting Marketing Responsibly:** They should build and organize a capable marketing team to implement plans effectively, using feedback and control systems to continuously improve marketing activities and adapt to market changes.

Activity:Choose a Bangladeshi company and its product/service.

1. Identify the current demand state of the product/service.
2. Suggest two marketing actions to address this demand state.
3. From the marketing manager's roles, select any three tasks and give one example each of how the company performs them.

Discussion Questions

1. Define Marketing & Marketing Management.
2. Elaborate on the types of market demand with examples.

Lesson - 3 : The Company Orientation Toward the Marketplace (Marketing Management Philosophies)

Objectives of this lesson

After reading this lesson, you will be able to:

- Identify five competing philosophies under which organizations can choose to conduct their marketing activities
- Understand the assumptions of different philosophies and the conditions of their applications
- Compare and contrast the selling and marketing concepts
- Decide on the most appropriate philosophy to adopt.

In carrying out marketing activities, a marketing manager should be guided by an appropriate marketing management philosophy. The philosophy that a company selects must be an effective, efficient, socially responsible, and appropriate one. Now the question comes, "Which philosophy is the right one for a particular company"? To get the answer to this question, a marketing manager should first become aware of the alternative philosophies. Thereafter, he can select one based on his goal and the nature of the market that he serves. The alternative marketing management philosophies are: 'the production concept', 'the product concept', 'the selling/sales concept', 'the marketing concept', and 'the societal marketing concept'.

Production Concept

The production concept is one of the oldest concepts in business. It holds that consumers prefer products that are widely available and inexpensive. Managers of production-oriented businesses concentrate on achieving high production efficiency, low costs, and mass distribution. This orientation has made sense in developing countries such as China, where the largest PC manufacturer, Legend (principal owner of Lenovo Group), and domestic appliances giant Haier have taken advantage of the country's huge and inexpensive labor pool to dominate the market. Marketers also use the production concept when they want to expand the market.

Product Concept

The product concept proposes that consumers favor products offering the most quality, performance, or innovative features. Example: A phone company keeps adding new camera features because it thinks customers want the best technology.

Selling Concept

The selling concept holds that consumers and businesses, if left alone, won't buy enough of the organization's products. It is practiced most aggressively with unsought goods—goods buyers don't normally think of buying, such as insurance and cemetery plots—and when firms with overcapacity aim to sell what they make, rather than make what the market wants.

Marketing Concept

The marketing concept emerged in the mid-1950s as a customer-centered, sense-and-respond philosophy. The job is to find not the right customers for your products, but the right products for your customers. Dell doesn't prepare a PC or laptop for its target market. Rather, it provides product platforms on which each person customizes the features he or she desires in the machine. The marketing concept holds that the key to achieving organizational goals is being more effective than competitors in creating, delivering, and communicating superior customer value to your target markets.

Marketing and Selling Concept Contrasted

Theodore Levitt highlights that the selling concept focuses on the seller's need to convert products into cash, while the marketing concept centers on satisfying the buyer's needs through the entire process of creating and delivering value. The marketing concept is built on four pillars: target market, customer needs, integrated marketing, and profitability, taking an outside-in approach. In contrast, the selling concept follows an inside-out approach, starting with the factory and existing products, relying heavily on sales and promotion to generate profits. Marketing begins with understanding the market and customer needs, coordinating all activities to satisfy customers and achieve profitable sales.

Figure: Selling vs. Marketing concept

a. The Selling Concept

Starting point	Focus	Means	Ends
Factory	Products	Selling & promoting	Profits through sales volume

b. The Marketing Concept

Starting point	Focus	Means	Ends
Target Market	Customer needs	Integrated Marketing	Profits through customer satisfaction

Source: Kotler & Armstrong (2018)

The Societal Marketing Concept

The Societal Marketing Concept emerged in the early 1980s as marketers reconsidered traditional marketing in response to growing environmental and social concerns, including pollution, resource shortages, and poverty. Critics argued marketing should focus not only on satisfying customer needs but also on long-term societal welfare and human aspirations. This concept emphasizes balancing consumer satisfaction, company profits, and public interest, promoting conservation over consumption and viewing customers as part of a larger society rather than just economic agents. For example, a company producing bottled water may choose to use biodegradable packaging to reduce environmental impact, balancing customer convenience with societal responsibility toward sustainability. Companies adopt this approach when it does not compromise competitive advantage or profitability.

Activity:

Pick any Bangladeshi company. Decide which marketing philosophy it follows. Write:

- Company name
- Which philosophy does it use
- Two examples of what it does that show this philosophy
- Why this philosophy is right for the company

Discussion Questions

1. How do companies decide which marketing philosophy to adopt? What factors influence this decision?
2. What are the key differences between the selling concept and the marketing concept?
3. What are the key tasks a marketing manager should perform in marketing management?

Lesson - 4: Rapid Adoption of Marketing Management (Application of Marketing Management)

Objectives of this lesson

After reading this lesson, you will be able to:

- Understand different areas of application of marketing management
- Decide how the concept of marketing management can be applied to your field effectively

In the modern era, marketing orientation is embraced not only by product marketers but also by service providers, professionals, and nonprofit organizations. Marketing management has spread globally, across both developed and developing countries, as organizations recognize its role in meeting customer needs and achieving objectives.

- **Business Sector:** Many companies, particularly in consumer goods, industrial products, and services like airlines and banks, have adopted marketing to gain a competitive edge. However, adoption occurred at different times across industries, and some firms still misunderstand marketing's true focus—creating value and fulfilling customer aspirations rather than just selling products.
- **Nonprofit Sector:** Institutions such as colleges, hospitals, museums, religious groups, and social advocacy organizations now apply marketing principles to attract support, respond to changing needs, and compete for limited resources. This shift is driven by the need to better serve target markets and achieve organizational missions through effective exchange processes.
- **Global Sector:** Marketing has moved beyond its Western origins to become a worldwide phenomenon. Companies adopt it to compete internationally, as seen in cases like India's Nirma challenging Hindustan Lever with an affordable, well-promoted soap. Even developing and former socialist countries are now investing in marketing education, training, and international knowledge sharing, recognizing that adopting marketing is essential for survival in competitive markets.

Activity:

Identify a Bangladeshi organization (business or nonprofit) that applies the marketing concept in its operations. Write in detail:

- Its sector (Business, Nonprofit, or Global)
- How it implements the marketing concept
- Examples of its marketing activities
- Whether it focuses on customer needs, societal needs, or both

Discussion Questions:

1. Explain different applications of marketing management.
2. How the practices of marketing management differ in the profit and non-profit sector.

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Developing Marketing Strategies and Plans

2

Unit Highlights

- Lesson-1: Customer value & Strategic Planning
- Lesson-2: Corporate & Division Strategic Planning
- Lesson-3: Business Unit Strategic Planning
- Lesson-4: Product Planning-The contents of a marketing plan

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

You know that this is the era of extreme competition. In order to compete and sustain, companies try to create a solid customer base by providing satisfaction to them. Moreover, there are lots of changes taking place in the marketplace, and smart and successful marketers continuously adapt to these changes. How do they adapt to the changes? The answer lies in developing and putting in place market-oriented strategic planning.

Lesson 1: Customer Value and Strategic Planning

Objectives of this lesson

After reading this lesson, you will be able to:

- Identify the nature of the value delivery process and the value chain
- Understand the central role of strategic planning
- Define market-oriented strategic planning with its steps

Marketing and Customer Value

The task of any business is to deliver customer value at a profit. A company can win only by fine-tuning the value delivery process and choosing, providing, and communicating superior value to increasingly well-informed buyers**.**

The Value Delivery Process

We can divide the value creation and delivery sequence into three phases. First, *choosing the value* is the "homework" marketers must do before any product exists. They must segment the market, select the appropriate target, and develop the offering's value positioning. The formula "segmentation, targeting, positioning (STP)" is the essence of strategic marketing. The second phase is *providing the value*. Marketing must identify specific product features, prices, and distribution. The task in the third phase is *communicating the value* by utilizing the Internet, advertising, sales force, and any other communication tools to announce and promote the product.

The Value Chain

Harvard's Michael Porter has proposed the value chain as a tool for identifying ways to create more customer value.3 According to this model, every firm is a synthesis of activities performed to design, produce, market, deliver, and support its product. Nine strategically relevant activities—five primary and four support activities— create value and cost in a specific business. The primary activities are (1) inbound logistics, or bringing materials into the business; (2) operations, or converting materials into final products; (3) outbound logistics, or shipping out final products; (4) marketing, which includes sales; and (5) service. Specialized departments handle the support activities—(1) procurement, (2) technology development, (3) human resource management, and (4) firm infrastructure. (Infrastructure covers the costs of general management, planning, finance, accounting, legal, and government affairs.

What is Market-Oriented Strategic Planning?

It is "the managerial process of developing and maintaining a viable fit between the organization's objectives, skills, and resources and its changing market opportunities".
Strategic planning aims at shaping and reshaping the company's businesses and products so that they yield target profits and growth.

The Central Role of Strategic Planning

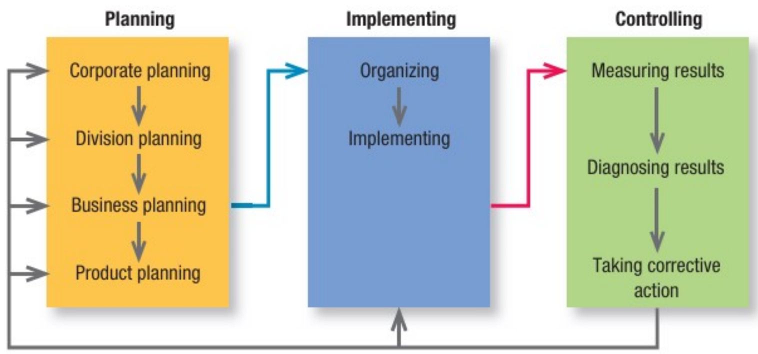
Marketers must prioritize strategic planning in three key areas:

(i) managing the businesses as an investment portfolio,
(ii) assessing the market's growth rate and the company's position in that market, and
(iii) establishing a strategy.

The company must develop a game plan for achieving each business's long-run objectives.

Types of Strategic Planning

Figure: Strategic Planning, implementation & control process



Source: Keller & Kotler (2015)

Activity:

1. Pick a product you use daily (e.g., a coffee brand). Describe:
   - How the company chose the value (segmentation, targeting, positioning).
   - How the company provides value (key features, pricing, distribution).
   - How the company communicates value (advertising, social media, sales promotions).
2. Choose a company (e.g., Apple). Identify two primary activities (e.g., operations, marketing) and two support activities (e.g., technology development, human resources). For each, write one sentence explaining how it helps create customer value.

Discussion questions:

Differentiate between the value chin & value delivery process with examples.

1. Define Strategic planning and discuss its importance.
2. Briefly explain the steps of strategic planning.

Lesson 2: Corporate and Division Strategic Planning

Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the nature of Corporate and Division Strategic Planning
- Know the elements that shape a company's mission
- Identify the characteristics of a good mission statement
- Recognize how Strategic Business Units (SBUs) are established
- Know how resources are assigned to each SBU
- Know how new businesses are planned.

Corporate and Division Strategic Planning

Companies often prepare both corporate and divisional strategic plans, with corporate headquarters setting the mission, policies, strategies, and goals that guide divisions and business units. The degree of autonomy given to units varies—some set their own strategies and profit goals, while others follow closely supervised plans from headquarters.

Key Activities of Corporate Headquarters include:

- Defining the corporate mission
- Establishing strategic business units (SBUs)
- Allocating resources to SBUs
- Planning new businesses or downsizing older ones

Defining a Corporate Mission is the foundation of strategic planning and evolves with company growth and changing market conditions. It should be clear, relevant, and motivating.

Five Elements Shaping a Company's Mission:

1. **History** – Past aims, policies, and achievements influence mission direction.
2. **Management Preferences** – Leadership's intentions shape mission goals.
3. **Market Environment** – Changes require mission adaptation to remain competitive.
4. **Resources** – Mission must align with available manpower, finances, and assets.
5. **Distinctive Competences** – Focus on areas of strength to boost efficiency and motivation.

A strong mission statement, created collaboratively and shared across the organization, offers a shared sense of purpose, direction, and long-term vision (10–20 years). It should inspire, like Sony's vision for personal portable sound or FedEx's next-day delivery goal.

Five characteristics of a good mission statement:

1. **Focus on limited goals** – Clear and specific, avoiding vague, overextended aims.
2. **Reflect core policies and values** – Guide consistent employee decisions.
3. **Define competitive spheres** – Specify where the company will compete.
4. **Take a long-term view** – Changed only when no longer relevant.
5. **Be short, memorable, and meaningful** – Preferably a concise mantra for easy recall.

Establishing Strategic Business Units

Large companies normally manage quite different businesses, each requiring its own strategy. At one time, General Electric classified its businesses into 49 strategic business units (SBUs). An SBU has three characteristics:

It is a single business, or a collection of related businesses, that can be planned separately from the rest of the company.

It has its own set of competitors.

It has a manager responsible for strategic planning and profit performance, who controls most of the factors affecting profit.

Assigning Resources to Each SBU

Once it has defined SBUs, management must decide how to allocate corporate resources to each. The **GE/McKinsey Matrix** classified each SBU by the extent of its competitive advantage and the attractiveness of its industry. Management could decide to grow, "harvest" or draw cash from, or hold on to the business. **BCG's Growth-Share Matrix** used relative market share and annual rate of market growth as criteria for investment decisions, classifying SBUs as dogs, cash cows, question marks, and stars.

Portfolio-planning models like these have largely fallen out of favor as oversimplified and subjective. Newer methods rely on shareholder value analysis and on whether the market value of a company is greater with an SBU or without it. These value calculations assess the potential of a business based on growth opportunities from global expansion, repositioning or retargeting, and strategic outsourcing.

Assessing Growth Opportunities

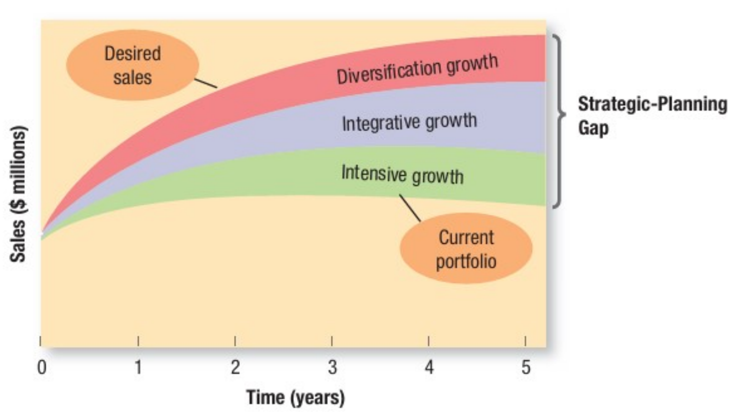
Assessing growth opportunities includes planning new businesses, downsizing, and terminating older businesses. If there is a gap between future desired sales and projected sales, corporate management will need to develop or acquire new businesses to fill it.

How can a Company Fill the Strategic Planning Gap?

The strategic planning gap can be minimized by exploiting one of the three growth opportunities. They are:

i. ***Intensive Growth Opportunities*** - Identifying opportunities to achieve further growth within the company's current businesses.
ii. ***Integrative Growth Opportunities*** - Identifying opportunities to build or acquire businesses that are related to the company's current businesses, and
iii. ***Diversification Growth Opportunities*** - Identifying opportunities to add attractive businesses that are unrelated to the company's current businesses.

Figure: Strategic Planning Gap



Source: Keller and Kotler (2015)

Intensive growth opportunities focus on expanding within the current product market by improving existing offerings for current customers. The three main strategies are:

1. **Market Penetration** – Increase sales of existing products in existing markets by attracting new users, increasing usage among current customers, and preventing competitors from gaining market share. *Example: bKash is offering cashback campaigns to encourage more transactions from current users.*
2. **Market Development** – Find new markets or uses for existing products. *Example: Johnson & Johnson marketing baby products to adults; Aarong expanding its fashion line to international markets through e-commerce.*
3. **Product Development** – Create new or improved products for the existing market, such as replacements, modifications, new sizes, or expanded product lines. *Example: Pran is introducing mini juice packs alongside regular sizes to target school-going children.*
4. Later, the firm may also explore **diversification strategies**, developing new products for new markets. *Example: Walton is entering the motorcycle market despite being known primarily for electronics.*

Integrative Growth Opportunities

Integrative growth opportunities are those present in the other parts of the core marketing system. It makes sense for a company if the basic industry has a strong growth future and/or the company can increase its profitability, efficiency, or control by moving backward, forward, or horizontally within the industry. There could be three types of integration. They are backward, forward, and horizontal integration. Let us now have a look at each of them:

Backward Integration: If a company seeks ownership or increased control of its supply system, it is called backward integration. A garment manufacturing company, for example, may exercise control over the suppliers of fabrics or own fabric manufacturing plants.

Forward Integration: If a company seeks ownership or increased control of its distribution system, it can be termed as forward integration. The same company may own transport facilities to distribute its product or exert control over the physical distribution firms to integrate forward.

Horizontal Integration: If a company seeks to own or exert control over some of its competitors, it can be called horizontal integration. The above-mentioned garment manufacturer may buy a few of its competitors, thus integrating horizontally.

Diversification Growth

Diversification growth opportunities are those present completely outside the core marketing system of the company. This type of growth opportunity makes sense for a company under the following situations:

- If the core marketing system does not show much additional opportunity for growth or profit;
- If the opportunities outside of the present core marketing system are superior.

There could be three broad types of diversification moves. They are:

- **Concentric Diversification:** If a company seeks to add new products in its product line (s) that have technological and/or marketing synergies with the existing product line/s it is named as concentric diversification. New classes of customers are usually attracted by these products.

  Example: Pran-RFL Group --- Originally focused on snacks and beverages (PRAN), the company expanded into kitchenware and household items (RFL), which leverages its existing marketing and distribution network while targeting new customer needs.

- **Horizontal Diversification:** If a company seeks to add new products to its existing product line(s) that could appeal to its present customers it is termed horizontal diversification. The added products are technologically unrelated to its present product line.

  Example: Aarong (BRAC)-Known for traditional garments and handicrafts, Aarong diversified into home décor products and lifestyle items targeting its existing retail customers.

- **Conglomerate Diversification:** If a company plans to add new products to the existing product line (s) for new classes of customers, it is called conglomerate diversification. The company makes such a decision because this promises to offset some deficiency or represents a great environmental opportunity. The added products have no relationship to the company's current market, products, or technology.

  Example: Akij Group: Originally a tobacco company, Akij diversified into cement, textiles, and ceramics—industries unrelated to its original business, targeting new markets.

Activity:

1. Find a hypothetical company and define its mission, considering the five elements that shape a company's mission. Assume that a change has occurred in the market (customers' tastes have changed, for example). Modify the initial mission based on this change.
2. Find a local company and show how it may utilize intensive growth opportunities.

Discussion Questions

1. How would you define the corporate mission? Summarize the elements that shape a company's mission. What are the features of a sound mission statement?
2. How would you establish an SBU? Discuss the policies that you will have to pursue about stars, cash cows, question marks, and dogs.
3. Define Strategic Planning Gap. How can these gaps be minimized?
4. When the gap is small, which growth strategies can a company implement? How?
5. In how many ways would integration be possible? Discuss logically.

Lesson 3: Business Strategic Planning

Objectives of this lesson

After reading this lesson, you will be able to:

- Identify the steps involved in the Business Strategic Planning:
- Understand the nature of marketing opportunities and threats
- Know about the basic business strategies.

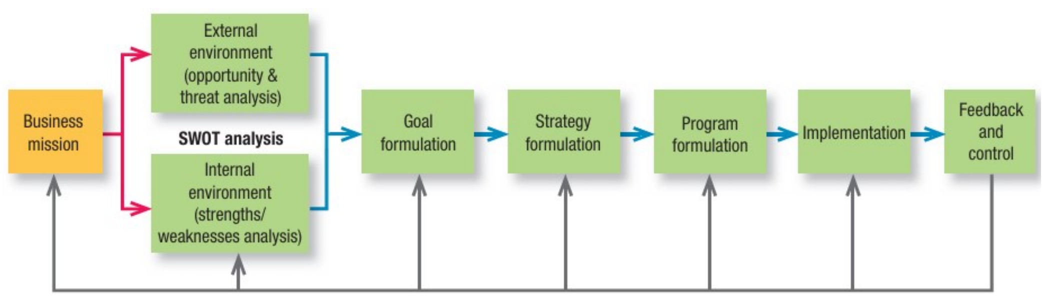
Introduction

Strategic business planning involves a few sequential stages, knowledge of which is required for a marketer. Organizations face opportunities as well as threats. Identifying and analyzing both threats and opportunities may help marketers in deciding in advance what they should do in the future. A marketer also requires knowledge of management by objectives. After the objectives are set, business units manage their operations by objectives, which is commonly known as MBO (Management by Objectives).

Business Strategic Planning

After the corporate management's strategic planning is done, management turns its attention to individual business strategic planning. Business strategic planning is a process involving eight sequential steps :

Figure: The Business Unit Strategic Planning Process



Source: Keller & Kotler (2015)

Business mission

Each business unit should define a clear, specific mission aligned with the overall company mission, focusing on targeted goals without including irrelevant areas. For example, a lighting equipment company might focus on serving major TV studios with advanced lighting technology.

SWOT analysis

A **SWOT analysis** evaluates a company's strengths, weaknesses, opportunities, and threats by monitoring both internal and external environments. External analysis involves tracking macro and microenvironment trends through a marketing intelligence system to identify opportunities and threats.

Marketing opportunities come from three main sources:

1. Offering products in short supply.
2. Providing existing products or services in a better or new way (using methods like problem detection, ideal product vision, or consumption chain analysis).
3. Creating entirely new products or services.

Effective marketers spot opportunities such as:

- Introducing hybrid products by combining industry trends (e.g., smartphones with multiple features, Singer-- smart sewing machines).

- Making buying more convenient (e.g., RFID payment systems, bKash mobile payments).
- Providing more information and advice (e.g., Angie's List, Daraz--product reviews).
- Customizing products (e.g., Timberland's customizable boots, PRAN-bulk packaging).
- Adding new capabilities (e.g., Apple's iMovie, Grameenphone (bKash, GP Music).
- Delivering faster services (e.g., FedEx, Shohoz-- ride & ticketing).
- Offering lower prices (e.g., generic drugs, PRAN-- affordable foods).

Goal formulation

Once the company has performed a SWOT analysis, it can proceed to goal formulation, developing specific goals for the planning period. Goals are objectives that are specific with respect to magnitude and time.
For an MBO system to work, the unit's objectives must meet four criteria:

- They must be arranged hierarchically, from most to least important.
- Objectives should be quantitative whenever possible.
- Goals should be realistic.
- Objectives must be consistent.

Strategy formulation

Goals indicate what a business unit wants to achieve; strategy is a game plan for getting there. Every business must design a strategy for achieving its goals, consisting of a marketing strategy and a compatible technology strategy, and a sourcing strategy.

Porter's Generic Strategies

Michael Porter has proposed three generic strategies that provide a good starting point for strategic thinking: overall cost leadership, differentiation, and focus.

• **Overall cost leadership**: Firms work to achieve the lowest production and distribution costs so they can underprice competitors and win market share. They need fewer skills in marketing. The problem is that other firms will usually compete with still-lower costs and hurt the firm that rested its whole future on cost.

Example: **Pran**offers affordable packaged foods across Bangladesh, targeting price-sensitive consumers.

• **Differentiation:** The business concentrates on achieving superior performance in an important customer benefit area valued by a large part of the market. The firm seeking quality leadership, for example, must make products with the best components, put them together expertly, inspect them carefully, and effectively communicate their quality.

Example: **Grameenphone**differentiates through network quality, innovative digital services, and customer support.

• ***Focus:*** The business focuses on one or more narrow market segments, gets to know them intimately, and pursues either cost leadership or differentiation within the target segment.
Example: **Pathao** focuses on app-based ride-sharing and delivery services in urban areas.

Program Formulation

After the strategies are formulated, management seeks to find ways to apply them. By formulating supporting programs and use of those, the strategies may be applied. For example, if a business decides to attain cost leadership, it must plan programs to reduce procurement, production, distribution, and promotion costs. When formulating programs, management must keep in mind the costs involved in implementing the programs. The costs of the programs must be compared with the results that may be achieved after the programs are implemented.

Implementation

Implementation of strategies and programs is very important in the sense that strategies and programs cannot provide any result unless they are implemented in their proper perspective. For such an implementation, a few things are required. ***First,*** the company's employees should share a common style with regard to thinking and behavior. ***Second,*** able people must be hired, given appropriate training, and assigned the right jobs. ***Third,*** to carry out the strategy, company people must possess the required skills. And, ***finally,*** everybody in the company should hold the same values. If these four things are present, a business may expect its strategies to be implemented in their proper perspectives.

Feedback and Control

The final step in strategic planning is continuous feedback and control. Businesses must track results and monitor environmental changes, which can vary in frequency and pace. To survive intense competition, firms need to continuously observe changes and adapt their objectives, strategies, and actions accordingly. Success depends on the ability to respond effectively to a changing environment through ongoing monitoring and adjustment.

Activity:

- Write a mission statement for a company that makes eco-friendly water bottles. Focus on one clear target market and product benefit. Avoid including unrelated goals like expanding into electronics.

A) For a local restaurant, list 2 strengths, 2 weaknesses, 2 opportunities, and 2 threats. Identify one marketing opportunity they can exploit and explain why.

B) Choose one of Porter's strategies for the restaurant: cost leadership, differentiation, or focus. Explain your choice and give one example of how the restaurant can implement this strategy.

Discussion Questions

1. How does a clear and focused business mission influence the success of a business unit? Give examples.
2. In what ways can a SWOT analysis help marketers anticipate future challenges and opportunities?
3. In which sources can market opportunities be found? Discuss.
4. Discuss the importance of setting quantitative, realistic, and consistent goals in the management by objectives (MBO) system.
5. Compare and contrast Porter's three generic strategies. Which strategy would you recommend for a startup in the tech industry and why?

Lesson 4: Product Planning- The Contents of a Marketing Plan

Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the concept of a marketing plan
- Know in detail about the contents of a marketing plan

Introduction

Working within the plans set by the levels above them, marketing managers come up with a marketing plan for individual products, lines, brands, channels, or customer groups.

A Marketing Plan

A marketing plan is a written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives. It contains tactical guidelines for the marketing programs and financial allocations over the planning period.

Key Contents of a Marketing Plan

Executive summary and table of contents.

• **Situation analysis:** This section presents relevant background data on sales, costs, the market, competitors, and the macroenvironment. How do we define the market, how big is it, and how fast is it growing? What are the relevant trends and critical issues? Firms will use all this information to carry out a SWOT analysis.

• **Marketing strategy:** Here, the marketing manager defines the mission, marketing and financial objectives, and the needs the market offering is intended to satisfy, as well as its competitive positioning. All this requires inputs from other areas, such as purchasing, manufacturing, sales, finance, and human resources.

• **Marketing tactics:** Here, the marketing manager outlines the marketing activities that will be undertaken to execute the marketing strategy.

The **product** or **serviceoffering** section describes the key attributes and benefits that will appeal to target customers.

The **pricing** section specifies the general price range and how it might vary across different types of customers or channels, including any incentive or discount plans.

The **channel** section outlines the different forms of distribution, such as direct or indirect.

The **communications** section usually offers high-level guidance about the general message and media strategy. Firms will often develop a separate communication plan to provide the details necessary for agencies and other media partners to effectively design the communication program.

• **Financial projections:** Financial projections include a sales forecast, an expense forecast, and a break-even analysis.

A more complex method of estimating profit is risk analysis. Here we obtain three estimates (optimistic, pessimistic, and most likely) for each uncertain variable affecting profitability, under an assumed marketing environment and marketing strategy for the planning period. The computer simulates possible outcomes and computes a distribution showing the range of possible rates of returns and their probabilities.

• **Implementation controls:** The last section outlines the controls for monitoring and adjusting the implementation of the plan. Typically, it spells out the goals and budget for each month or quarter so management can review each period's results and take corrective action as needed.

> ***Activity***:
> Choose a product or service and create a brief marketing plan outlining the mission, market situation, marketing mix (product, price, place, promotion), financial projections, and control measures. Prepare a short presentation to explain your plan.

Discussion Questions:

1. Define marketing plan.
2. Elaborate the contents of a marketing plan using examples.

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Conducting Marketing Research and Forecasting Demand

3

Unit Highlights

- Lesson-1: Marketing Research System
- Lesson-2: Demand forecasting and demand measurement

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

The environment in which marketers operate is changing continuously. Changes are taking place in customers' wants, competitors' actions, distribution channels, political/legal environment, and so on. To survive in this ever-changing environment, marketers need information on a regular basis regarding the changes as well as to manage them. By developing an advanced marketing information system and putting it in place, marketers can help cope with the ever-changing environment. The advent of computer technology has helped marketers to a great extent in procuring and managing information. In addition, conducting marketing research carefully and forecasting and measuring both current and future demand can help marketers take measures to excel competitors and make its position solid in the marketplace.

Lesson –1: Marketing Research System

Objectives of these lessons

After reading these lessons, you will be able to:

- Define marketing research
- Identify the types of marketing research
- Know in detail the marketing research process, and
- The characteristics of good marketing research.

Introduction

Marketers, from time to time, may need to undertake marketing research to collect market information. Knowledge of the types of research, how research should be conducted, steps involved in the marketing research process is essential for a marketer. He must also know what makes good and appropriate research.

Defining Marketing Research

It was stated earlier that marketing research is generally considered to be a part of an MIS. Marketing research is the systematic and scientifically unbiased collection and analysis of data, and the preparation of information relevant to a particular problem or opportunity. It may also be defined as the systematic collection of information for decision-making. A firm gets and tests ideas through marketing research. You should know that marketing research is not a part of the marketing mix, but rather an aid to management in making decisions about the marketing mix and the target market of the company. It is a process, not an institution, and as such, it is a part of virtually all aspects of the research process from data collection through information transmission.

Marketing research processes are almost always used to collect data for recurring and unique decision-making. For data evaluation, research methods are commonly used to determine the error factors in collected data when certain types of sampling techniques (e.g., purposive samples) are used. Similarly, data transformation most often occurs through the use of statistical testing methods normally used in marketing research.

Types of Marketing Research

All marketing research activities are not the same and differ in many respects. They may differ in their objectives, research design, area of coverage, depth, data analysis methods, presentation, and so on. Research activities can be classified in terms of whether they are ***exploratory***, aimed at a ***specific*** problem, or used to provide ***routine feedback***. Now, let us look at each of them in the following section (the figure on the following page shows the types of research).

- **Exploratory Research:** Exploratory research is conducted when the problem is generally known, but its nature and causes are not known at all or are known partially. For example, if a company experiences no change in sales even after aggressive promotion, it may conduct exploratory research in this situation. Because the problem is known here, but its nature and causes are unidentified. What is the problem here? The problem is that sales have not increased despite aggressive sales promotion activities that were undertaken.
- **Specific Research:** This is another type of research. When a problem has been defined, a different type of information input is needed to enable management to make decisions concerning alternative ways of solving the problem. For example, a clothing brand surveys customers to decide which new designs to launch. Specific research generally involves the use of larger samples and is more costly than exploratory research. That is because while exploratory research is aimed at suggesting hypotheses, specific research is used to enable management to accept or reject hypotheses with a predetermined level of confidence.

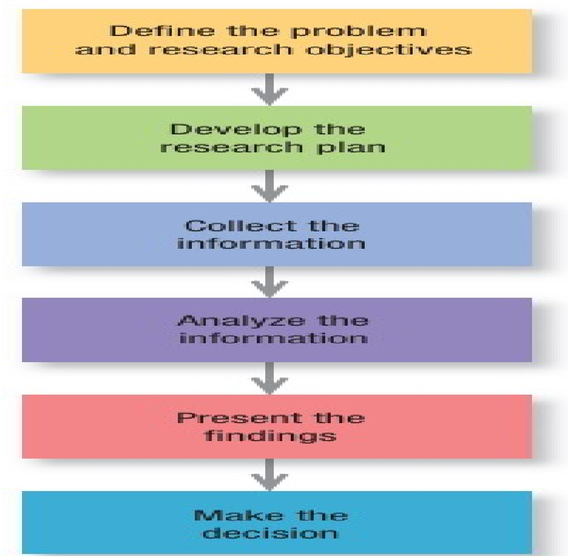
- **Routine Feedback:** It is an attempt to monitor on a continuous basis certain development variables such as sales, market share, or consumer sentiment. Firms with well-operating marketing information systems would receive such information through the marketing intelligence subsystem. Firms without such sophisticated means of conducting routine feedback research have two options. The first is to utilize the marketing research department to engage in gathering and assessing routine feedback. Companies without the necessary internal resources may avail themselves of commercial services offered by different outside research organizations. For example, a telecom company tracks subscriber growth, usage, and churn continuously.

The Marketing Research Process (Designing the Research Project)

Marketing managers often delegate research design and implementation to specialists due to limited time and expertise, but they must still understand the process to commission and evaluate research effectively. Marketing research, as part of an MIS, must be systematic and unbiased to provide reliable information. While more scientific methods yield better data, they also require more time and resources.

Although there is always a risk of collecting and processing useless data, the seven-step research process described below and in the following exhibit will minimize these risks :

Figure: The Research Design Process



Source: Keller & Kotler (2015)

Step 1: Define the Problem, the Decision Alternatives, And the Research Objectives

Marketing managers must define research problems carefully—avoiding definitions that are too broad or too narrow—to ensure relevant and actionable results. In the case of offering ultra-high-speed Wi-Fi, managers and researchers refined the problem to focus on whether it would generate enough preference and profit compared to other service upgrades. They outlined potential decisions (such as target classes, pricing, and routes) and set specific research objectives to guide the study. Similarly, a smartphone company considering a foldable model might research which customer segments value flexibility most, what price they are willing to pay, and how the feature impacts brand preference. Marketing research can be exploratory (identifying problems), descriptive (quantifying demand), or causal (testing cause-and-effect relationships).

Step 2: Develop the Research Plan

- Data Collection Sources

A preliminary investigation is an informal and low-cost step conducted before formal data collection. It serves three main purposes: defining study objectives and information needs, potentially providing enough insight to make further research unnecessary, and helping researchers understand the issues, especially if they're not experts. So eventually, there are two sources of data.

A. Secondary data: Data that has already been collected for some other purposes. These can be valuable for researchers, and are often provided by public institutions and private agencies. However, they aren't always easily accessible or reliable. These data might be free or for sale, well-organized or buried in irrelevant content. Since details about their collection methods are often unknown, their accuracy and objectivity can be difficult to verify.

Despite their limitations, secondary data are often preferred due to their time, effort, and cost efficiency. Key sources include:

- ***Internal Company Records:*** Useful for data on sales, market share, and competition.
- ***Government Documents:*** The largest source, offering broad statistics like demographics and production data (e.g., Bangladesh's statistical yearbook).
- ***Marketing Research Firms:*** Private companies that collect and sell market and opinion data.
- ***Trade and Professional Associations:*** Provide industry-specific data, often reliable due to their close ties with the field.
  - ***Advertising Agencies and Media Firms:*** These organizations collect market data relevant to their service areas, which can aid researchers.
  - ***University Research Centers****:* Institutions like Dhaka University have research bureaus (e.g., Bureau of Business Research and Bureau of Economic Research) that provide reliable, well-collected data useful for marketers.
  - ***Published Sources:*** Business and trade publications offer accessible, affordable, and up-to-date information for research purposes.

Activity :
Find a national professional or trade journal and summarize information on the specific trade. Show how that can help you as a prospective businessman in that field.

b. Primary Data: Data that is collected by the researcher from the source for the particular purpose of the study is called primary data**.** Quite obviously, secondary data are usually easier, quicker, and cheaper to obtain than primary data.

Primary data are mainly collected through two sources:

- **Interviews with People Inside the Firm**: Researchers often consult internal personnel like sales staff, managers, and executives, who offer valuable insights based on their experience.
- **Interviews with People Outside the Firm**: Though more time-consuming, costly, and potentially risky (as they might reveal internal issues), interviews with customers, suppliers, and competitors can yield important data.

The most common methods for collecting this data are **informal interviews** and **observation**, with informal interviews being more popular due to their simplicity and effectiveness in gathering opinions and attitudes.

ii. Research Approaches

Once a formal research study is approved, a detailed research design is developed. Key questions include how data will be collected, who the respondents will be, and how many will be involved. The first major decision is choosing a data collection method, typically through surveys, observation, or experiments, each with its advantages and limitations.

There are three main data collection methods in research design:

- ***Survey Method:*** Data is gathered from a sample representing a larger population. Common techniques include:
  - Personal interviews (face-to-face),
  - Telephone interviews (cost-effective and quick, though less personal),
  - Mail surveys (efficient for geographically dispersed respondents).

- ***Observation Method:*** Researchers observe people or events, usually without the subjects' knowledge, to collect data in a natural setting. It requires trained observers and raises ethical concerns about privacy.
- ***Experimental Method:*** Mostly used in natural sciences, this method identifies cause-and-effect relationships by controlling some variables and altering others to measure outcomes.

iii. Sampling Plan

Sample Size Determination: Determining sample size is a key part of research design. While a census (studying the entire population) offers the highest accuracy, it's usually too costly and impractical. Researchers often balance accuracy with cost. Contrary to common belief, sample size isn't based on population size, but rather on how much the population varies concerning the study topic—the more variation, the larger the sample needed.

Researchers use formulas to calculate sample size. A basic formula includes: $N = \frac{k2\ \sigma 2}{E2}$

- k: confidence level (standard deviations),
- σ^2: population variance,
- E: allowable error (acceptable margin of error).

Sampling Plan Selection:

Once the sample size is determined, the researcher must plan how to select the sample, as it greatly affects the results. The goal is to make the sample resemble the population as closely as possible, although perfect representation is rarely feasible due to time and cost constraints. Researchers typically have to choose between probability sampling and non-probabilitysampling.

- **Probability Sampling**: Selection is based on chance, giving each member a known, equal chance of inclusion.
  - *Simple Random Sampling*: Every individual has an equal chance, but it may be costly or difficult to obtain a full population list. For example, a mobile operator randomly selects 500 subscribers from its full database to survey satisfaction levels.
  - *Systematic Sampling:* Sample elements are selected from an ordered population at regular intervals, determined by a fixed sampling ratio. For example, selecting every 10th customer entering a supermarket to survey purchase behavior.
  - *Cluster Sampling*: The population is divided into clusters; some clusters are randomly chosen, and then individuals within them are randomly selected. For

example, a research firm divides Bangladesh into 64 districts, randomly selects 10 districts, and surveys households within those districts.
    - *Stratified Sampling*: The population is divided into groups based on relevant characteristics, and samples are randomly drawn from each group to improve representativeness. For example, a bank divides customers by income level (low, medium, high) and randomly surveys 50 from each income group.
- **Nonprobability Sampling**: Selection is not random, often used when probability methods are costly or impractical.
    - *Convenience Sampling*: Choosing easily available people without regard to representation. For example, a super-shop surveys the first 50 customers who enter the store because they are easy to reach.
    - *Judgment Sampling*: Selecting respondents who seem to best represent the population. For example, a company asks experienced sales staff to select customers likely to give valuable feedback on a new product.
    - *Quota Sampling*: Ensuring the sample matches certain known proportions of the population. For example, a researcher ensures the sample has 60% females and 40% males to match the population gender distribution before collecting responses.
    - *Snowball Sampling:* A nonprobability sampling technique in which existing study participants recruit or refer additional participants from their network, often used for hard-to-reach or rare populations.For example, a researcher studying a rare disease asks initial patients to refer others they know with the same condition.

Research Instruments

Much marketing research involves surveys, and creating a good questionnaire is a key task. Questionnaires can be structured or unstructured.

- **Structured Questionnaire**: All questions are fixed in wording and sequence; no deviations are allowed. Common in personal or telephone interviews.
- **Unstructured Questionnaire**: Few fixed questions, allowing the interviewer to reword, change the sequence, or probe further, often yielding more valuable insights.

Key Issues in Questionnaire Design

- **Question Design**:
    A. *Open-ended*: Respondents answer in their own words.
    B. *Dichotomous*: Two choices (yes/no, agree/disagree).
    C. *Multiple choice*: Select from several options.
- **Question Sequencing**: Logical order improves response accuracy. Guidelines:
    A. From *easy → difficult*
    B. From *general → specific*
    C. From *non-sensitive → sensitive*
    D. Grouped by topic
    E. Demographics placed at the end
- **Questionnaire Design:** A questionnaire has four parts:
    1. **Introduction** – builds rapport and explains the purpose of the study.
    2. **Instructions** – guide interviewers/respondents on how to proceed and record responses.
    3. **Questions** – main content (discussed earlier).
    4. **Closing** – polite ending to thank respondents.
- **Physical Layout:** Clear design, good printing, spacing, and response areas to ease data handling.

The formal study is a three-phase process.

1. **Pretest** the questionnaire on a small group to catch errors.
2. **Train interviewers** on using the questionnaire and selecting respondents.
3. **Conduct the formal study** within set start and end dates.

Step 3: Collect the Information

The data collection phase of marketing research is generally the most expensive and error-prone. Some respondents will be away from home, offline, or otherwise inaccessible; they must be contacted again or replaced. Others will refuse to cooperate or will give biased or dishonest answers. Problems include unreachable respondents, refusals, or dishonest answers. Internationally, achieving consistency is a major challenge.

Cultural differences also matter:

- Americans may prefer interactive surveys over impersonal online ones.
- Asians may feel pressured to conform in focus groups but respond better online. Using the right language can often solve such issues.

Step 4: Analyze the Information

After the data is collected, the researcher begins the analysis phase. For large studies, data is transferred into a computer, while in smaller studies it may be tallied by hand (though this is less common now). The type of analysis depends on the research objectives. Usually, it starts with simple statistics such as mean, median, mode, and frequency counts, which often give useful insights.

If a probability sampling plan has been used, more advanced statistical techniques can be applied, such as regression analysis, chi-square tests, correlation analysis, and analysis of variance (ANOVA). With modern tools, most quantitative analyses are computerized, making calculations quick and accurate.

Step 5: Present the findings

In this step, the researcher presents the findings. Researchers are increasingly asked to play a proactive, consulting role in translating data and information into insights and recommendations for management

Step 6: Make the decision

Before the information obtained from the data analysis is sent to an executive, it is usually translated into a more useful form for decision-making purposes. The value of the entire project depends on how well the executive understands and uses the results. Reports are usually prepared to describe the purpose, methodology, limitations, analysis, and findings of the study. Many executives not only demand the full report, but also an ***"Executive Summary"*** summarizing the study in one or two pages.

Discussion Questions:

1. Define marketing research. Explain the research design process using examples.
2. Differentiate between secondary data and primary data with examples.
3. Elaborate on various research methods with relevant examples.

Lesson 3: Demand Forecasting and Demand Measurement

Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the types of markets and decide which market to measure
- Develop a vocabulary for demand measurement
- Understand how to estimate current and future demand

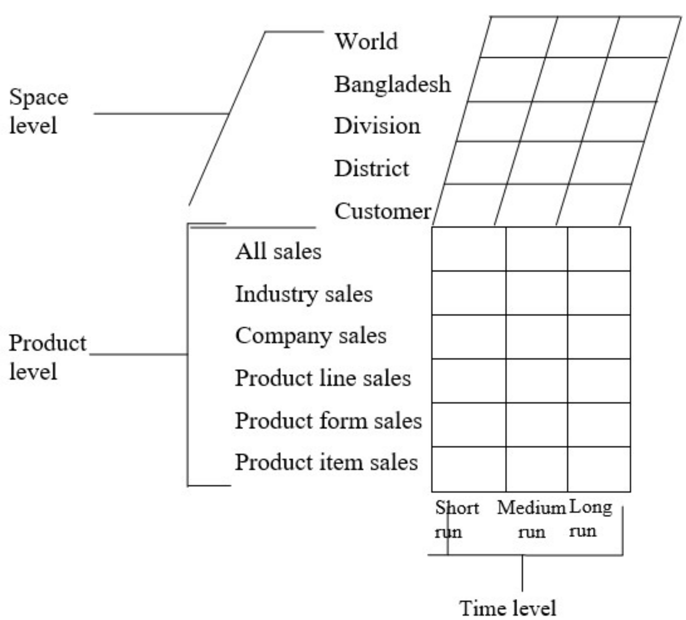
Forecasting and Demand Measurement: An Overview

Forecasting and demand measurement help companies identify marketing opportunities and carefully select target markets by evaluating their size, growth, and profit potential. Sales forecasts, prepared by the marketing department, are crucial for guiding different functions: manufacturing sets capacity, purchasing secures supplies, human resources plans staffing, and finance arranges necessary funds. Accurate forecasts prevent losses from either excess stock or unmet demand. Since forecasts depend on demand estimates, it is essential to define market demand precisely.

Estimates of Market Demand

A company can make many different types of demand estimates or measurements. There are 90 different types of demand estimates that a company can make, as identified by Dr. Kotler. The diagram on the next page shows this. It can be measured for five different space levels, six different product levels, and three different time levels, and thus, a company can have 90 types of demand estimates (5 x 6 x 3). Why does a company go for so many different types of demand measurement? The answer is: since each serves a specific objective. To order raw materials, plan production, and borrow cash, a company may forecast short-run demand (time level) for a specific product. Again, to decide whether to set up a regional distribution network, it may forecast regional demand for its major product line.

Figure: Ninety Types of Demand Measurement



Source: Keller & Kotler (2015)

Demand can be measured along several dimensions, as you see in the above figure. With respect to product level, demand can be estimated for specific product items (such as frozen orange juice) or a product line (such as frozen foods). With respect to geographic level, demand can be measured for a neighborhood, town, district, division, or nation. In relation to time, demand measurement can be short range (one year or less), medium range (one to five years), or long range (longer than five years). If you make permutation and combination calculations using three different levels of demand, you will come up with 90 different types of demand estimates.

Activity:
Calculate 27 different types of demand estimates for ballpoint pens using the figure above.

Deciding on Which Market to Measure

There are many different market terms discussed in marketing literature, such as potential markets, available markets, served markets, and penetrated markets. In order to understand these terms, it is imperative to understand the term ***'market'*** in its true perspective.

The market is a set of all actual and potential buyers of a product. This definition suggests that the size of the market of a particular product depends on the number of people who may accept the offer of the said product. The ***potential market***, on the other hand, is the set of consumers who show a sufficient level of interest in the offer made through the product. The mere interest of people does not serve the purpose of marketers. People must have sufficient income to buy the product as well as access to the offer. To have access to the product offer by a certain group of people, the product must be distributed or made available in the area where these people live. This gives rise to the concept of the ***available market***. It is the set of consumers who have an interest, income, and access to a specific market offer. Every individual in the available market of a particular product may not qualify to buy it, either because the company may discourage some of them or the law may restrict some from buying. Individuals, excluding the above-mentioned groups, qualify to buy the product who constitute the ***qualified available market.*** From the qualified available market, the company may decide to target a part of it or the whole available market. If it decides to go for a part of the total qualified available market, the part is called the ***target or served market***. There is no guarantee that everybody in the target market will buy the company's product. The set of customers who have already bought the company's product is called the ***penetrated market***. Understanding the above market terms may help a company plan its market planning activities efficiently.

Demand Measurement - Useful Vocabulary

Two major concepts in demand measurement to which you should be familiar are total market demand and company demand. Here we shall take up discussion on these two concepts at some length :

Total Market Demand: Philip Kotler defines total market demand for a product as the total volume that a defined consumer group would buy in a defined geographical area in a defined time in a defined marketing environment under a defined level and mix of industry marketing effort. Let us examine the projections of an estimate of the total market demand of a particular product, say, smartphones, in Bangladesh in the year 2000 under existing marketing conditions and efforts.

Level and Mix of Industry Marketing Effort: Let us assume there are several key players (Walton, Samsung, Xiaomi, and others) in the smartphone market. Each firm is expected to spend aggressively on promotions and competitive pricing.

Marketing Environment: Projected favorable conditions with increasing internet penetration, growing mobile banking usage, and rising digital adoption. Bangladesh's GDP is expected to grow steadily at around 6 percent annually.

- **Period:** 2025 calendar year sales.
- **Geographical area:** Bangladesh
- **Customer group:** General consumers, especially youth and working professionals.
- **Total Market Demand for Smartphones in Bangladesh in 2025:** Projected at Tk. 300 billion (30 million smartphones at an average price of Tk. 10,000).

Note that this Tk. 300 billion figure represents estimated sales for all smartphone brands in Bangladesh in the year 2025. However, this estimate is valid only under the stated conditions. If economic conditions shift, a new competitor enters, or marketing efforts intensify, the projection would need to be revised.

Total Market Potential: Should all other market factors remain unchanged (period, geographical area, economic conditions, and so forth). At the same time, each competitor makes a maximum marketing effort, we can estimate a ***total market potential*** - the total possible sales of the product by all competitors. Total market potential is rarely realized or sought. The additional expenditures necessary to reach marginally interested buyers would very likely lower the profits on such sales (between estimated demand and total market potential) to an unattractive level. Using the following formula, the total market potential may be measured:

- Q = nqp
- Where:
- Q = total market potential
- n = number of buyers in the specific product/market under the given assumptions
- q = quantity purchased by an average buyer
- p = price of an average unit

- Company Demand: Company demand is the company's estimated share of market demand at alternative levels of company marketing effort. Company demand for a particular company may be shown symbolically as Qi = siQ

Where:

- Qi = company i's demand
- si = company i's market share
- Q = total market demand

People's perception of a number of things relative to the competitors determines a company's market demand. They are the product itself, services offered by the company, prices, communications, etc.

Estimating Current Demand (Methods used)

Current demand can be estimated through total market potential, area market potential, and industry sales/market shares.

- Area Market Potential: Since markets differ by region, companies need area-wise estimates to plan strategies. Two methods are used:
- *Market-buildup Method*: Identifies potential buyers in an area and estimates their purchases. Rarely used in countries like Bangladesh due to the difficulty in identifying buyers.
- *Multiple-factor Index Method*: Assesses potential based on factors such as population, income, age, and gender, with assigned weights for each factor.

- Industry Sales and Market Shares: The company identifies competitors, estimates their sales, and adds them to its sales to determine total industry sales. This helps compare company performance with the industry average, often using trade publications and research reports.

Sales Forecasting (Estimating Future Demand)

Any process of selecting and targeting specific market segments and identifying which sub-markets are both viable and attractive requires the sales forecast or estimating future demand. Without a sales forecast, the marketing executive could not determine what sales volume to expect, how much to produce, and how much money and effort to spend on the entire marketing program.

Sales forecasting methods range from simple, inexpensive approaches to complex, costly techniques, and their selection depends on the company's available time, budget, and desired accuracy.

- Trend analysis is widely used and identifies patterns in past sales data, which may be cyclical, constant, or consistent. Techniques such as weighted moving averages and exponential smoothing improve forecast accuracy.
- Market factor analysis uses related variables or products with known sales patterns as the basis for forecasting, while correlation analysis applies statistical tests to several variables to create regression equations, providing a more precise forecast but requiring extensive historical data.
- Other methods include customer surveys, which measure buyer intentions directly, though these intentions may not match actual purchases, and test marketing, which monitors actual sales in limited areas to project results for broader markets. Test marketing is especially useful for new products, but can be expensive and exposes strategies to competitors.
- Some firms rely on executive judgement, where experienced managers use their knowledge of the market to forecast sales. A related approach is the sales force composite, where salespeople estimate sales in their territories, and these are summed to form the overall forecast.

To balance the advantages and disadvantages of individual methods, companies often use multiple forecasting techniques simultaneously, creating a system of checks and balances that increases forecast reliability and reduces the risk of relying on a single, potentially inaccurate method.

Activity:

Think of a product widely used in Bangladesh (e.g., ride-sharing apps or packaged foods). Identify its potential market, available market, served market, and penetrated market. Then, discuss what factors could increase or decrease its total market demand. Finally, suggest one suitable sales forecasting method for that product and explain why.

Discussion Questions:

1. Describe the methods used to estimate current market demand. How do these methods differ in terms of accuracy and applicability?
2. Explain the process of sales forecasting. What factors should a company consider when estimating future demand?
3. Compare and contrast the techniques for estimating current demand versus forecasting future demand.
4. Why is it important for marketing managers to measure both current and future demand before making strategic decisions?
5. Discuss the types of demand measurement using examples.

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Dealing with Competition

4

Unit Highlights

- Lesson-1: Identifying and analyzing competitors
- Lesson-2: Competitive strategies for market leader and other competitive strategies

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

The present state of competition, the expected future state of competition, and the anticipated retaliatory moves of competitors necessarily affect the planning of the marketing strategy of a company. In addition to studying markets, it should continuously study the competitors. Failure to correctly evaluate competition is one common reason for unprofitable marketing programs. If competition is intense, a different marketing program might be required than if it is moderate. The bases of competition in an industry help determine the appropriate marketing strategy as well as the success of the organization.

Lesson 1: Identifying and Analyzing Competitors

Objectives of this lesson

After reading this lesson, you will be able to:

- Know the reasons for identifying your competitors
- Understand the industry concept of competition
- Know the basic ways to classify an industry
- Understand the market concept of competition.

Reasons for Identifying the Competitors

Competition strongly shapes a firm's marketing activities. Most companies face competitors offering similar or substitute products, and consumers often make trade-offs between these options (e.g., bicycles vs. cars when costs rise).

To effectively compete with other companies operating in the marketplace, the marketing executive needs to know the competitors, what they are doing, and have a strategy for counteracting their activities. The products a firm offers, their prices, how they are promoted, and the channels of distribution used all depend to some extent on what the firm is doing. The products a firm offers, their prices, how they are promoted, and the channels of distribution used all depend to some extent on what the competitor is offering. Furthermore, the marketing executive must assess possible competition from industries other than its own and foreign industries. Effective marketing programs can be developed by adjusting to forces within the existing market and monitoring potential competition from the outside. A marketing organization, therefore, must deal with competitors in two ways. ***First,*** the company must identify its competitors and understand their activities. ***Second,*** it must decide how to act or react in light of competitors' activities. It is relatively easy for a company to identify its apparent competitors, but it is tough to determine the range of actual and potential competitors.

A. Industry Concept of Competition

Law defines industry as any business, trade, manufacture, culling, service, employment, or occupation. Industry here includes all concerns involved in a particular trade or business. Jute industry, for example, includes all firms in the jute business. Philip Kotler defines industry more precisely. To him, "an industry is a group of firms that offer a product or class of products that are close substitutes of each other." If a product can be used by a buyer instead of the other satisfies the same type of need, the two products can be called substitutes for each other. Tea and coffee, in this respect, can be called substitute products.

There are several ways to classify an industry. The usual ways are: number of sellers and degree of differentiation; entry and mobility barriers; exit and shrinkage barriers; cost structure; degree of vertical integration; and degree of globalization. Let us now look at them:

1. Number of Sellers and Degree of Differentiation

The number of firms that control the supply of a product, as well as the homogeneity and heterogeneity among the products, may affect the strength of competition. When only one or a few firms with more or less homogeneous offers control the product, competitive factors will exert a different sort of influence on marketing activities than when there are many competitors. The table below shows four general categories or models of industry structure:

Figure: Four general categories of industry structure

Types of Structure	Number of sellers	Ease of entry	Product	Knowledge of the Market	Price	Marketing effort
Monopoly	One	Many Barriers	Almost no substitutes	Perfect	Much control over price	Little
Oligopoly	Few	Some barriers	Homogeneous or differentiated	Imperfect	Pricing in concert	A very large amount of non-price competition
Monopolistic competition	Many	Few Barriers	Product differentiation with many substitutes	More knowledge than an oligopoly	Pricing in concert	A very large amount of non-price competition
Perfect competition	Unlimited	No barriers	Homogeneous products	Perfect	No control over price	None

Source: Chowdhury (2010)

- ***Monopoly Structure:*** Only one firm supplies the product, no close substitutes exist, and entry barriers are high. The firm controls pricing but can sell only as much as customers accept. The firm has much control over price, but can sell only what the market will take at its price. Example: **Titas Gas** in Bangladesh has a monopoly in gas distribution. Customers cannot switch to another gas supplier.
- ***Oligopolistic Structure:*** A few large firms dominate the market. Each company closely watches competitors and often matches their pricing or promotions. Competition is strong in advertising and service differentiation rather than price. Example: The **telecom sector** (Grameenphone, Robi, Banglalink, Teletalk) – only a handful of players dominate, and each reacts quickly to rivals' packages and offers.
- ***Monopolistic Competition:*** Many firms sell similar products but differentiate through branding, quality, or service to create customer preference. Even if products are functionally similar, customers perceive them as different. Example: **Fashion and lifestyle brands** like Aarong, Cats Eye, Sailor, and Artisan, or FMCG brands (like PRAN and ACI) – they all sell similar categories but compete through style, quality, image, or availability.
- ***Perfect Competition or Purely Competitive Structure:*** This type of structure was envisioned by economist Adam Smith. Over time, however, this vision has proven to be more idealistic than realistic. Many small sellers offer identical products with no differentiation. Buyers have full knowledge of prices, and firms cannot charge extra since substitutes are everywhere. Marketing efforts are minimal. Example: **Agricultural products** in local markets (rice, vegetables, fish). Prices are set by supply and demand, and farmers/sellers have little control over pricing.
- Entry and Mobility Barriers

Industries differ in how easily new firms can enter, depending on entry barriers such as high capital requirements, economies of scale, patents, scarce resources, or reputation. These barriers can be intrinsic or deliberately created by existing firms, individually or collectively. Besides entry barriers, firms may also face mobility barriers when trying to enter other attractive market segments, which can similarly be imposed by one or multiple existing firms.

- Exit and Shrinkage Barriers

A firm may wish to leave an unprofitable or unattractive industry, but exit barriers can prevent this. These barriers include legal or moral obligations, government restrictions, low asset salvage value, high vertical integration, lack of alternatives, and emotional attachments. When firms stay to cover variable and part of fixed costs, it can reduce overall industry profits. Competitors may assist struggling firms by buying assets or helping meet obligations. Downsizing may also be difficult due to contracts or management resistance, though competitors can sometimes facilitate the process.

- Cost Structure

Cost structure differs across industries, reflecting the mix of major costs such as marketing, distribution, research and development, or production. Firms should aim to optimize and minimize their dominant costs through strategic moves to operate efficiently and profitably.

- Degree of Vertical Integration

Vertical integration occurs when successive stages of production or marketing are owned by a single firm. It can be backward (owning suppliers) or forward (owning distribution/transport). For example, a garment manufacturer may produce yarn (backward) and manage shipping (forward). Integration can reduce costs, increase control, and improve profits, but may also raise costs due to reduced flexibility or poor management of some operations.

- Degree of Globalization

Some industries operate locally and sell their outputs/services locally. Again, there are industries whose products/services are sold beyond the places of production or origin. Industries that operate globally must be very smart in terms of their operations and offerings. To be attractive and compete worldwide, they must control costs and adopt the latest technologies to prove their worth and penetrate the global market.

B. The Market Concept of Competition

While discussing the industry concept of competition, we considered companies making the same product for a market. There, we have overlooked the needs of customers. Companies basically produce their products/services to satisfy some or other need of customers. We can, therefore, look at competition from the viewpoint of customer need satisfaction, that is, considering companies trying to satisfy the same customer need through their offers. This is more a logical approach to view competition. A trucker, for example, normally sees its competition as other truckers. But, from a customer's point of view, a customer hiring a trucker is buying transport service for which he may also go to the railways, steamer companies, or any other transport operator. If a company looks at its competition from this perspective, it will be able to visualize potential competition. This visualization will help a company strategize its operations to make it more competitive in the face of an ever-changing environment. From the market concept of competition view, a company can identify its competitors by linking industry analysis with market analysis. By mapping out the product/market battlefield, a company can comfortably identify its present or potential competition. A hypothetical product/market battlefield map for toothpaste can be seen below.

Figure: Product/Market Battlefield Map for Toothpaste

Product Segmentation

	Customer Segmentation		
	Children/teens	Age 16-30	Age 30+
Plain toothpaste	Tibet Aromatic	Tibet Aromatic	Tibet Aromatic
Toothpaste with fluoride	Tibet Aromatic	Tibet Aromatic	Tibet Aromatic
Gel	Tibet Aromatic Pepsodent	Tibet Aromatic Pepsodent	Tibet Aromatic Pepsodent
Striped	Colgate	Colgate	
Smoker's toothpaste		MacLean	MacLean

Source: Adapted from Philip Kotler, Marketing Management: *Analysis, Planning, Implementation, and Control*, Ninth Edition, Prentice Hall of India Private Limited, 1997. p. 233.

In the above figure, the product/market battlefield map for toothpaste is illustrated according to the customer age group and product types. It is seen in the figure that nine segments of toothpaste market are occupied by two brands viz. Tibet and Aromatic, where, Pepsodent occupies three and Colgate and McLean both occupy two segments. A particular brand not occupying a particular segment may also be aimed at that segment. The firm deciding to offer its brand in the untapped segment must estimate that segment's market size, shares of the existing competitors, their capabilities, entry barriers, competitors' objectives and strategies. After the above estimates a firm can decide to offer its brand to new segments if it finds it attractive.

Activity:
Draw a hypothetical Product/Market Battlefield Map for edible oil and analyze it.

Discussion Questions

1. List and briefly describe the different types of market structures presented in this unit.
2. Discuss the usual ways to classify an industry using examples.

Lesson 2: Competitive Strategies for Market Leader and Other Competitive Startegies

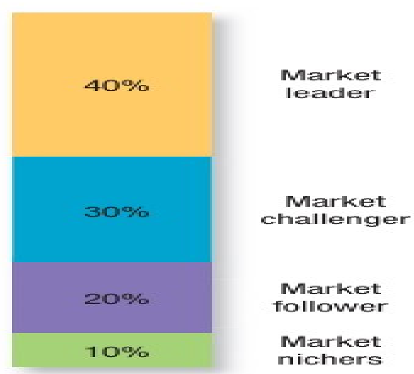
Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the levels of market structure
- Identify the competitive strategies for the market leader
- Know the other competitive strategies

Competition grows more intense every year—from global competitors eager to enter new markets, from online competitors seeking cost-efficient ways to expand distribution, from private label and store brands providing low-price alternatives, and from brand extensions by mega-brands moving into new categories. Growth is essential for the success of any firm. Thus, to be a long-term market leader is the goal of any marketer. Today's challenging marketing circumstances often dictate that companies re-formulate their marketing strategies and offerings several times.

Figure: Hypothetical market structure



Source: Keller & Kotler (2015)

Suppose a market is occupied by the firms shown in this figure. Forty percent is in the hands of a market leader, another 30 percent belongs to a market challenger, and 20 percent is claimed by a market follower willing to maintain its share and not rock the boat. Market nichers, serving small segments larger firms don't reach, hold the remaining 10 percent. Sometimes growth depends on adopting the right competitive strategies.

Market Leader: A market leader has the largest market share and usually leads in price changes, new-product introductions, distribution coverage, and promotional intensity. Some historical market leaders are Microsoft (computer software), Gatorade (sports drinks), Best Buy (retail electronics), McDonald's (fast food), BlueCross BlueShield (health insurance), and Visa (credit cards). In Bangladesh, examples include Grameenphone (telecom), PRAN (FMCG/food products), Aarong (fashion and lifestyle), and Walton (electronics and home appliances).

To stay number one, the firm must first find ways to expand total market demand. Second, it must protect its current share through good defensive and offensive actions. Third, it should increase market share, even if market size remains constant. Let's look at each strategy.

Expanding Total Demand

When the total market expands, the dominant firm usually gains the most. If Heinz can convince more people to use ketchup, or to use ketchup with more meals, or to use more ketchup on each occasion, the firm will benefit considerably because it already sells almost two-thirds of the country's ketchup. In general, the market leader should look for new customers or more usage from existing customers.

1. Attracting New Customers

- Three strategies:
- *Market-penetration*: Target those who might use the product but do not.
- *New-market segment*: Target those who have never used it.
- *Geographical expansion*: Target customers in new locations.

  Example: Starbucks uses multiple channels – company-operated stores, supermarkets, joint ventures (Frappuccino®, ice creams), and subsidiaries (Tazo Tea) – aiming to be the most recognized global brand. Daimler (Mercedes-Benz) balances mature markets (EU, USA, Japan) with emerging markets.

2. Encouraging More Usage

- Ways to increase usage:
- *Packaging or redesign*: Larger pack sizes encourage greater consumption (e.g., soft drinks, snacks like *Pran Juice* – family-size packs encourage more consumption at home).
- *Smaller packs*: Can also increase frequency of use (e.g., *Hershey's* smaller packs).
- *New usage opportunities*: Identify new situations or ways to use the product. (e.g., *Keya cosmetics* – promoting products for both daily and festive occasions.)

3. Additional Opportunities to Use the Brand

- Marketing communication: Reinforce brand use in relevant situations.
- Examples: *RFL cookware* – promoting cookware for seasonal cooking festivals like Eid or Puja. *Orbit gum* promotes chewing after eating or drinking ("A Good Clean Feeling").
- Correcting misperceptions: Remind consumers when to replace short-lived products.
- Strategy: Tie replacement to events (e.g., Daylight Savings reminders for batteries, filters).
- Examples: *Gillette* razor cartridges have fading stripes to signal replacement. *Monroe* shock absorbers ran the "Everything Gets Old. Even Your Shocks." campaign linking worn shocks to worn everyday items.

4. **New Ways to Use the Brand**

- Strategy: Increase consumption by promoting completely new and different applications.
- Example: *ACI Pure Cooking Oil* – initially used only for frying, the company promoted it for baking, salad dressing, and sautéing, creating new usage occasions. ACI has extended the brand into related categories such as ghee, margarine, and fortified cooking oils, similar to Arm & Hammer's diversification.

Protecting Market Share

A dominant firm in the market, such as Boeing against Airbus or Google against Yahoo!, needs to not only expand market size but also defend its existing position. The best way to achieve this is through continuous innovation and strong uncertainty management.

Proactive Marketing

A leader cannot remain successful by being reactive alone. Marketing must be proactive, which can take three forms:

- Responsive marketing – addressing current customer needs (*Daraz* solved trust issues by offering cash-on-delivery and easy returns.)
- Anticipative marketing – predicting customer needs before they arise (*bKash* predicted demand for digital money transfer and made mobile payments mainstream.)
- Creative marketing – offering products customers never thought of but later find indispensable (*Pathao* created demand for ride-sharing and on-demand delivery, now essential in Dhaka.)

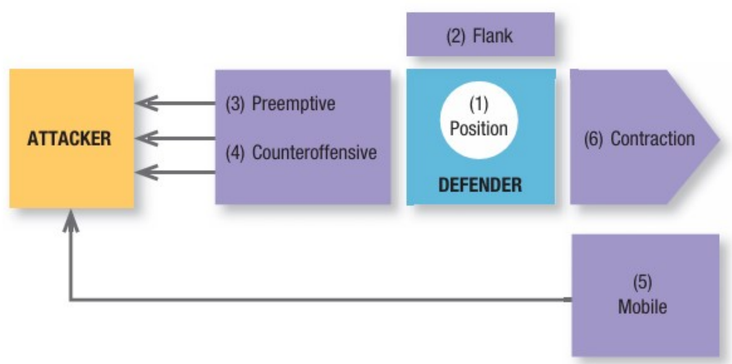
Successful companies are often market-driving rather than just market-driven. They anticipate changes or even create them. For example, IBM shifted focus from hardware to services (responsive anticipation), while Sony created the Walkman, an innovation that customers didn't initially demand but later embraced worldwide (creative anticipation). Similarly, Toyota reshaped supplier relationships, and Lululemon built customer engagement through yoga and lifestyle branding.

Proactive firms are better positioned to take advantage of emerging trends such as e-commerce, social media, and growing consumer individuality. By anticipating and shaping demand, they can unlock opportunities worth trillions of dollars.

Defensive Marketing

To maintain leadership, companies must adopt defensive strategies that reduce the chance of attacks, divert competitor moves, or minimize their impact. A quick response is essential.

Figure: Six types of defensive marketing strategies



Source: Keller & Kotler (2015)

Let's know about these six major approaches now:

- *Position Defense* – Strengthening brand perception so customers link the brand with a core benefit (e.g., Tide = strongest cleaning, Pampers = dryness, *ACI Savlon* = trusted antiseptic for hygiene).
- *Flank Defense* – Protecting weak areas by introducing supportive products (e.g., Tide supported by Gain and Cheer, *Grameenphone* launched youth brand 'djuice' to cover the student segment).
- *Preemptive Defense* – Striking first by surprising competitors or signaling dominance, like Microsoft announcing products before launch ("vaporware"), Dutch Bangla Bank first built ATM booths.

- *Counteroffensive Defense* – Fighting back through price cuts, product innovation, or even legal and political means (e.g., Apple, Intel, Microsoft defending their turf in courts, Bata is fighting with Apex on exclusive shoe designs).
- *Mobile Defense* – Broadening into new industries or redefining the market (e.g., BP rebranding itself from petroleum to energy; *Walton* expanded from electronics to smartphones and now into home appliances.
- *Contraction Defense* – Withdrawing from weaker markets and focusing resources where the company is strongest (e.g., Sara Lee restructuring, P&G selling Pringles, Unilever Bangladesh once discontinued its Lux body spray line to focus more on its stronger personal care brands like Lux soap and Dove.).

Increasing Market Share

In many markets, even a single point of market share can be worth millions, which drives intense competition. However, gaining higher market share does not always lead to greater profits, particularly for labor-intensive service firms that lack economies of scale. Profitability depends largely on the company's overall strategy. Moreover, since acquiring additional market share through mergers or acquisitions can cost more than the benefits it brings, a company should carefully consider four key factors before pursuing such growth.

- The possibility of provoking antitrust action: Expanding market share can trigger antitrust concerns, as competitors may accuse a dominant firm of monopolistic practices and take legal action. Companies like Microsoft and Intel have faced multiple lawsuits worldwide due to perceived abuse of market power.
- Economic cost: Beyond an optimal level, gaining more market share can reduce profitability due to high costs, loyal competitors' customers, and limited economies of scale. Sometimes, firms even boost profits by reducing their share in weaker markets.
- The danger of pursuing the wrong marketing activities: Firms that grow market share usually excel in new products, product quality, and marketing spending. Simply cutting prices rarely works, as competitors match cuts or add value, preventing major gains. For example, some local FMCG brands tried competing only through price cuts against Unilever, but failed as Unilever countered with stronger promotions and quality positioning.
- The effect of increased market share on actual and perceived quality: Rapidly gaining too many customers can strain resources and lower service quality. For example, Pathao, after rapid expansion, faced complaints about service quality and rider availability, showing how fast growth can harm customer satisfaction.

Other Competitive Strategies

Market Challenger

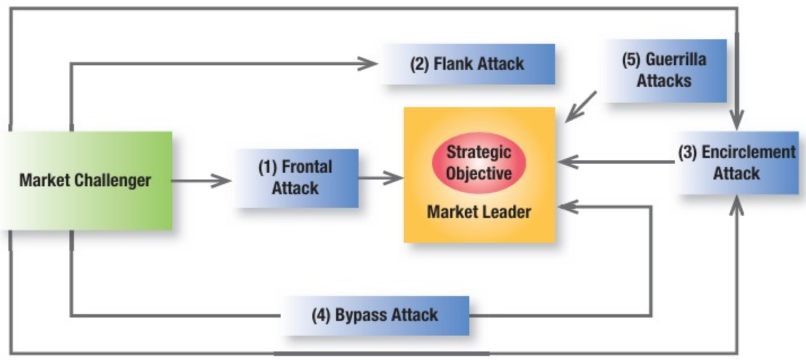
i. Defining the strategic objective and opponent(s)

A market challenger's main goal is usually to increase market share, and it must decide whom to attack. It can:

- It can attack the market leader—a high-risk but high-reward strategy, as seen when Xerox overtook 3M and Canon challenged Xerox.
- It can attack firms of its size that are not doing the job and are underfinanced, with outdated products, high prices, or poor customer service.
- It can attack small local and regional firms, as many large banks did by acquiring smaller ones.
- It can attack the status quo-- by offering better alternatives to industry norms, like JetBlue, Ally Bank, and Netflix did.

Choosing a General Attack Strategy

Figure**:** General Attack Strategies



Source: Keller & Kotler (2015)

1. Frontal Attack
Directly competing with the rival by matching their product, price, promotion, and distribution.
Example: A shampoo brand sells at a lower price but claims the same quality as the market leader (Suave vs. premium hair-care brands, Robi directly challenges Grameenphone with similar internet packages, competitive pricing, and nationwide promotions.).

2. Flank Attack
Targeting the competitor's weak spots or unmet customer needs instead of attacking directly. Example: Small mobile operators offering cheaper prepaid plans when big operators focused only on postpaid.

3. Encirclement Attack
Launching attacks from many directions at once, offering more choices or products to cover the market widely. Example: Sun Microsystems spreading Java across many devices to compete with Microsoft, Akij Group entered multiple FMCG segments (snacks, dairy, beverages, tobacco alternatives) to challenge leaders like PRAN and Unilever simultaneously.

4. Bypass Attack
Avoiding direct competition and going for easier markets, new products, or new technologies. Example: Pepsi entering bottled water, juice, and sports drinks instead of fighting only with Coke in soft drinks; bKash's competitors like Nagad avoided direct price wars and instead introduced instant cash-out and lower fees to attract customers.

5. Guerrilla Attack
Small, surprise attacks like heavy promotions, discounts, or legal challenges to disturb competitors. Example: Local fashion brands (e.g., Sailor, Twelve) run surprise flash sales, seasonal heavy discounts, and pop-up campaigns to disrupt bigger players like Aarong.

Choosing a Specific Attack Strategy

A challenger can attack through pricing, new or improved products, wider variety, or innovative distribution. Success comes from combining these strategies over time, and even after becoming a leader, the brand must keep a challenger mindset by staying different.

Activity:
Form a group of 3-4 and choose any attacking strategy used by market challengers. Using Pepsi as an example, analyze its goal to increase market share against Coca-Cola. Discuss why this strategy was chosen, its results, and suggest another possible attack strategy. Present your analysis briefly within your group.

Market Follower

Many firms in industries with low differentiation and high price sensitivity (like steel or chemicals) prefer to follow rather than challenge leaders, often copying their strategies. Market shares stay stable, but followers still need strategies—retaining customers, offering unique advantages (like location or service), keeping costs low, maintaining quality, and entering new markets when opportunities arise.

- Cloner – Copies the leader's products, branding, and packaging with minor variations. Examples include apps that copy WhatsApp and Ralston Foods cereals that look like popular General Mills cereals but cost less. Some local cola brands (like RC Cola in BD) copy Coca-Cola/Pepsi in taste, color, and bottle design with minor differences.
- Imitator – Copies certain aspects of the leader but differentiates through packaging, advertising, pricing, or location. An example is Telepizza, which brought Domino's delivery model to Spain while adapting it to local markets.
- Adapter – Improves or modifies the leader's products, often selling to new markets, and can eventually become a future challenger. For example, Paragon frozen food adapted ideas from major frozen food brands like Golden Harvest and Kazi Firms Kitchen.
- Illegal follower strategies involve counterfeiters copying a company's products and selling them through black markets or unreliable dealers. Examples include fake Apple devices, Rolex watches, and counterfeit pharmaceuticals, which can be dangerous and even deadly. In Bangladesh some counterfeit Square Pharmaceuticals medicines and fake Aarong products sold through informal channels.

Market Nicher

Instead of following in a large market, a company can lead in a small niche market. Small firms often focus on markets ignored by bigger competitors, which can grow significantly over time. Firms with small market shares can be very profitable by focusing on a niche. They understand their customers well, provide high value, charge premium prices, reduce costs, and build a strong culture, achieving high margins compared to mass marketers who rely on high volume.

Nichers focus on three tasks: creating, expanding, and protecting their niches. The risk is that the niche may shrink or face competition, leaving specialized resources underutilized. Zippo is an example of a company that successfully managed a shrinking niche.

Activity:
Forms a group of 3-4. Pick a company in a low-differentiation industry. Identify if it's a Cloner, Imitator, or Adapter and give examples. Discuss risks associated with illegal strategies like counterfeiting.

Discussion questions:

1. Define market leader. How can a market leader increase its market demand? Discuss,
2. Explain the ways a market leader can follow to protect its market share. Give examples.
3. Who is a market challenger? What are the attacking strategies a market challenger can apply? Explain using examples.
4. Make a list of the strategies implemented by a market follower. Define those with examples.

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Setting Product Strategy

5

Unit Highlights

- Lesson-1: Product & its classification
- Lesson-2: Product mix and Product line decisions
- Lesson-3: Product-brand relationship
- Lesson-4: Packaging & labeling decision

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

Products encompass a wide range of goods, services, ideas, and personalities. Getting the product right is the single most important activity of marketing. The basic product concepts and classifications will be discussed first in this unit. A product planner must consider what other products their company offers to the market. An examination of the concepts of product mix and product line will thus help us understand product planning. Since branding and packaging are vital components of a product, we explore these topics, along with labeling, in this unit.

Lesson - 1: Product and Its Classification

Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the concept of a product
- Identify different levels of a product
- Classify the product into different categories
- Visualize the underlying characteristics of different types of products

Introduction

The product is considered to be one of the most critical elements of the marketing mix. Distribution, promotion, and pricing strategies depend very heavily upon what the product is, its attributes, and its function. There are many misconceptions about what a product is. Therefore, attention must be directed to defining a product and the product mix. Without a proper appreciation of what these terms mean from a marketing perspective, understanding the strategies needed to successfully introduce and maintain a product in the marketplace is almost impossible. In addition, products fall into different categories, each of which demands different attention from the marketer. Therefore, a knowledge of product categories is essential for the pursuit of an appropriate marketing strategy.

The Concept of a Product

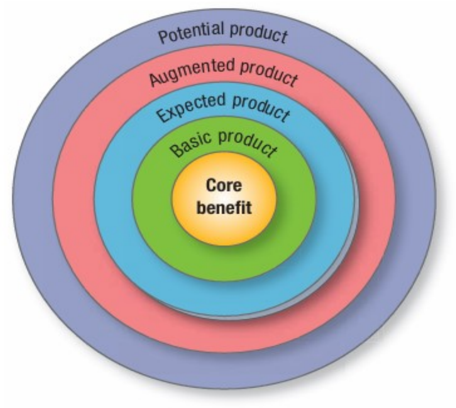
In general, defining a product does not appear to be especially difficult. After all, a calculator, a television, an automobile, trousers, canned fruit, and vegetables are all products in a traditional sense. For example, automobiles are blends of metal, glass, plastic, rubber, and other materials formed into products for carrying people where they want to go. Trousers are a collection of fabric, thread, buttons, and zippers combined into products used to protect people from the elements of nature. But these very shallow definitions of products do not adequately convey what a product is. In the past, products were defined in terms of their components or attributes, or the functions they performed, and as a result, they were viewed strictly in their tangible sense.

Contemporary marketing executives no longer accept this traditional definition. They define a product as a combination of tangible and intangible attributes providing need-satisfaction to consumers. A product can also be defined as anything that can be offered to the market for attention, acquisition, use, or consumption that might satisfy a want or need. These are distinctly broader definitions, as shown in an exhibit on the next page, more accurately conveying what products are and what they are supposed to do. You should realize, for example, that consumers do not buy automobiles solely for transportation, but also for the 'new car smell', and the status of owning a new model. Similarly, a pair of trousers is chosen not just for protection or to conform to social customs against nudity, but also for its fashion value.

Thus, a product is much more than just a collection of its functional attributes. In reality, the functional aspects may be of only minor importance. Intangible attributes of the product can frequently be more critical in the mind of the consumer. Marketers should consider the social-symbolic meanings that potential customers may attach to a product.

Different Levels of a Product: A particular product typically has five distinct levels. Different levels add different value to the customers. The five product levels are shown in the figure below.

Figure: Five product levels



Source: Keller and Kotler (2015)

The first levelis thecore product/benefit that the customers look at. It is the basic good or service purchased, aside from its packaging or accompanying services. We buy a product first because of its core or fundamental benefit - the problem it solves or the need it satisfies. From a bar soap, for example, the core benefit we look at is: it cleans our skin. The fundamental benefit customers seek from a mobile phone is communication—making calls, sending messages, and staying connected.,

The benefits that customers look for must be turned into a ***basic product*** by the marketer which is ***the second level***. This includes the physical components like the screen, battery, processor, and SIM compatibility, turning the core benefit into an actual, usable product.

The Third level is theexpected level. It includes a set of attributes and conditions that the buyer expects which marketer should provide for a purchase to take place. Customers expect the phone to be reliable, easy to use, have decent battery life, a camera, and come with a warranty.

The Fourth Level of a Productis the Augmented Level or the augmented product. An augmented product gives customers more than they expect. This includes extra features that give the customer more than expected, such as fast charging, high-resolution back & front cameras, pre-installed apps, 4G/5G connectivity, or after-sales service.

Modern marketers compete through **augmented products**—offering extra benefits beyond the basic expectations. To do this effectively, they must understand how customers use the product (total consumption system) and identify opportunities for enhancement. Since augmentation involves cost, companies should ensure customers value it. Over time, customers may begin to expect these benefits as standard, so firms must continue innovating. Additionally, competitors may offer similar products at lower prices, potentially reducing sales, so companies must stay alert to maintain the advantage.

The last and fifth level of a product is thepotential product. It encompasses all the augmentations and transformations that the product might ultimately undergo in the future. Augmentation, you know, is concerned with what the product includes in the present term, whereas the potential product is concerned with what may be added to the product in the future to make it more desirable. The potential product is aimed at not only satisfying the customers, but also presenting a product that delights and surprises the customers. Future possibilities that delight customers, such as foldable screens, AI-powered personal assistants, advanced security features, or integration with smart home devices.

Classifications of Product

Marketers classify products on the basis of durability, tangibility, and use (consumer or industrial). Each type has an appropriate marketing-mix strategy.

Durability and tangibility

Products fall into three groups according to durability and tangibility:

1. ***Nondurable goods*** are tangible goods normally consumed in one or a few uses. Products like Lux soap, Coca-Cola, Parachute hair oil, and Mojo soft drinks are used quickly, bought frequently, and rely heavily on advertising and wide availability.

2. ***Durable goods*** are tangible goods that normally survive many uses. Products such as Walton refrigerators, Singer sewing machines, and Aarong clothing. They last longer, need after-sales service, warranties, and often involve higher margins.

3. ***Services*** are intangible, inseparable, variable, and perishable products that normally require more quality control, supplier credibility, and adaptability. Examples include haircuts, legal advice, Bkash mobile financial services, Pathao ride-sharing, and Grameenphone customer service.

Consumer good Use

Consumer goods are those designed to satisfy the needs and wants of the ultimate consumer. The four subgroups of consumer goods are convenience goods, shopping goods, specialty goods, and unsought goods.

- The consumer usually purchases convenience goods frequently, immediately, and with minimal effort. Examples include soft drinks, soaps, and newspapers.
- Shopping goods are those that the consumer characteristically compares on such bases as suitability, quality, price, and style. Examples include furniture, clothing, and major appliances.
- Specialty goods have unique characteristics or brand identification for which enough buyers are willing to make a special purchasing effort. Examples include cars, audio-video components, and men’s suits. A Mercedes is a specialty good because interested buyers will travel far to buy one. Specialty goods don’t require comparisons; buyers invest time only to reach dealers carrying the wanted products. Dealers don’t need convenient locations, though they must let prospective buyers know where to find them.
- Unsought goods are those that the consumer does not know about or normally thinks of buying, such as smoke detectors. Other classic examples are life insurance, cemetery plots, and gravestones. Unsought goods require advertising and personal selling support.

Industrial Goods

Industrial goods are those purchased by organizations for use either in other products or in its their own operations. Manufacturers, commercial businesses, non profit institutions, and government agencies buy industrial goods. Industrial goods can be classified into raw materials, component parts, major equipment, accessory equipment, operating supplies, and services.

- **Raw Materials:** These are industrial goods that will be used in the making of other products. Included in this category are natural resources such as forest products, minerals, water, oceanic products, and agricultural products and livestock. In most instances, raw materials lose their individual identities when used in the final product.
- **Component Parts:** Unlike raw materials, component parts usually have been processed in some manner before being used in the finished product. Although they may not be clearly visible, component parts are left intact and assembled into the total product.
- **Major Equipment:** This category comprises industrial products used to make, process,

or sell other goods. These include machinery, typewriters, computers, automobiles, tractors, engines, and so on. Normally, they are relatively expensive and have a useful life in excess of one year. Major equipment is not limited solely to the production process. It is found in wholesale (e.g., forklifts) and retail (e.g., cash registers) operations as well.

- **Accessory Equipment:** This equipment includes industrial products used to facilitate the production process or middleman sales. It does not become part of the finished product, but merely aids in the overall production or selling effort. Accessory equipment would include tools, shelving, and many other products that tend to have a lower cost and shorter life than major equipment.
- **Operating Supplies:** These are products that are incidental to the production or selling functions. Included in this category are products that are low cost and quickly (within one year) used up in the company's operations. Pencils, papers, lubricating oils, cash register, tape, and maintenance and repair items are included in this category.
- **Services:** Services normally should not be considered as a separate product classification. Depending on the particular service, they are actually either consumer or industrial goods. They are activities, benefits, or satisfactions which are offered for sale, or are provided in connection with the sale of goods.

Activity:

- Pick one product you use daily (e.g., toothpaste, detergent, or wallet). Suggest twoaugmented features that could make it more attractive to customers.
- Take a smartphone brand in Bangladesh (e.g., Symphony, Walton, Xiaomi). List its core benefit, basic product, expected product, augmented product, and potential product in 5 bullet points.
- Categorize these items as convenience, shopping, specialty, or unsought goods: Mojo soft drink, Lubnan Panjabi, Toyota car, Life insurance.

Discussion Questions

1. Explain the concept of a product. List and describe the classifications of consumer goods.
2. Based on the usage, how many consumer goods are being purchased by a particular buyer? Define and give examples.
3. Explain different types of industrial goods with examples.
4. How many levels can a product carry? Discuss those with examples.

Lesson - 2: Product Mix and Product Line Decision

Objectives of this lesson

After reading this lesson, you will be able to:

- Define product mix
- Know how a company can build and manage its product mix
- Understand the width, length, depth, and consistency of a company's product mix
- Understand product mix pricing
- Describe how a company can build and manage its product lines.

The Concept of a Product Mix

Product mix is all of the product lines that the company sells, including only those products that are actually in the marketplace, and not those still in the development or testing stages. A product mix is the set of all product lines and items that a particular seller offers for sale to buyers. For example, a company's product mix may be constituted of cosmetics, toiletries, and medicine. Again, each of the line may have sub line, such as cosmetics may be broken down into powder, lipstick, nail polish, rouge etc. which means that each of the line and sub line may have quite a good number of individual items.

Managing the Product Mix

Most companies sell multiple products, making marketing more complex since different products require different strategies. To manage this, firms group products into categories, forming a product mix. The product mix influences overall marketing strategy and even company organization. Firms with deep, consistent product lines often centralize marketing, while those with wider, less consistent mixes require more decentralized approaches.

The Concepts of Width, Depth, Length, and Consistency of a Product Mix:

A company's product mix refers to all the products it offers, measured by four key dimensions:

- Width: The number of different product lines the company carries.
- Depth: The number of variants offered within each product line. For example, a detergent brand with three sizes and two formulas has a depth of six.
- Length: The total number of items in the product mix across all lines.
- Consistency: How closely related the product lines are in terms of end use, production, or distribution.

These dimensions together define how broad, detailed, and related a company's offerings are.

Product Mix Decisions

Marketers make micro-level decisions like branding, packaging, and labeling to shape buyer perceptions and ensure legal compliance. These decisions are vital for product acceptance. At the macro level, strategic planners handle product mix decisions—deciding which product lines to grow, maintain, harvest, or divest—based on insights from marketing teams.

Product Mix Pricing

- Product Line Pricing: Pricing different products in the same line at different levels to show quality or feature differences. For example, Walton TVs—basic model at BDT 25,000, mid-range at BDT 40,000, premium at BDT 60,000.
- Optional-Feature Pricing: Base product is sold at a standard price; optional features or add-ons are priced separately. For example, HP or ASUS Laptop – The base model might come with 4GB RAM and 256GB SSD. But if customers want 8GB RAM, 512GB SSD, or a dedicated graphics card, they have to pay extra. So, the laptop has a base price, and

additional features (RAM, storage, graphics) cost more — a clear case of optional-feature pricing.

- Captive product pricing: The Main product is sold cheaply, but necessary related products are priced high. For example: Printer and ink cartridges – printers are sold at a low price, ink refills (HP, Canon), which cost much more.
- Two-Part Pricing: Customer pays a fixed fee plus a variable fee based on usage. For example, Robi/GP mobile packages – a monthly minimum fee plus an extra charge if usage exceeds the limit.
- By-product Pricing: Selling by-products to reduce the overall cost of the main product. For example, PRAN Agro Ltd. – When producing mango juice, a large amount of mango peel and seed waste is generated. Instead of throwing it away, PRAN sells these by-products for cattle feed or to companies making bio-fertilizers. This reduces waste disposal cost and generates extra revenue.
- Product Bundle Pricing: Multiple products/features are sold together as a bundle. For example, Johnson's Baby Care Set – A bundle may include baby shampoo, baby lotion, soap, and powder at a discounted price, cheaper than buying each item separate.

Product Line Decisions

- The Concept of a Product Line: A product line is a group of related products sold to the same customer group, within similar price ranges, or through the same channels. Marketing managers must selectcompatible products that enhance efficiency in sales, production, pricing, promotion, and distribution.
- Product-line analysis involves evaluating each item's contribution to total sales and profits, and comparing the product line with competitors to understand its market position. This helps managers design strategies and identify segment preferences. *For example,* within Unilever's soap product line, Dove may contribute 60% of sales, Lux 30%, and Lifebuoy 10%. By comparing with competitors like P&G (e.g., Safeguard, Olay), managers can see if Dove is performing better in the premium segment while Lifebuoy lags in the hygiene-focused segment. This helps shape strategy (e.g., reposition Lifebuoy).
- In a broader sense, product mix is assessed by its width (number of product lines). Nestlé has a wide product mix → chocolates, coffee, dairy, bottled water, cereals, pet food.
- depth (variants within a line, Colgate toothpaste has variants like Total, Max Fresh, Sensitive, Whitening, Herbal),
- length (total items, Samsung's electronics mix includes dozens of items – TVs, refrigerators, smartphones, tablets, wearables, laptops -all counted in length), and
- consistency (similarities in use, production, or distribution, Apple's product mix (iPhone, iPad, Mac, AirPods, Watch) is consistent – all are tech devices using similar design, R&D, software ecosystem, and sold via the same Apple Stores.

Product Line Expansion

Done after market success by adding related products (via quality, feature, or style changes).

- **Advantages:**
  - Opens new target markets.
  - Spin-offs are easier to develop.
  - Builds on acceptance of original product.
  - Increases overall market share.
  - Positions firm as a full-line competitor.
- **Disadvantages:**
  - High marketing & overhead costs.
  - Pressure on production capacity & shelf space.
  - Limits diversification, makes firm vulnerable to tech shifts & buyer habits.

Expansion Methods

1. Width extension: Add new product lines (e.g., drugstore selling motor oil).
2. Depth extension: Add variations of the original product (sizes, colors, styles).
3. Dual extension: Combine width & depth; broad reach but costly and resource-intensive.

Discussion Questions

1. Define product mix. Discuss how a company can build and manage its product mix
2. Define the width, length, depth, and consistency of a company's product mix. Describe how a company can build and manage its product lines.
3. Discuss different product mix pricing strategies with examples.

Lesson - 3: Product-Brand Relationship

Objectives of this lesson

After reading this lesson, you will be able to:

- Define brand & know the objectives of branding
- Understand the benefits of branding
- Identify different types of brands
- Define different brand-related terms
- Understand how a company can make better brand decisions
- Form an idea on brand extension, modification, and repositioning

Definition of Brand

A brand is a name, term, symbol, design, or combination that identifies a seller's product and differentiates it from competitors. Brand names are vocalizable parts of a brand, helping customers recognize and prefer products. Branding has existed for centuries, starting with medieval guilds marking their goods**.**

Objective of Banding

Market control is the basic objective of branding. A brand is essential to the promotional activities of the firm. Through promotion, acceptance or preference for a product can be established among customers. If the product bears a manufacturer's brand (brands owned by manufacturers regardless of the scope of area served) and is available through many retail outlets, the goodwill of customers is directed toward the manufacturer.

Benefits of Branding

- For buyers: Helps identify preferred products, ensures quality, and provides psychological satisfaction or status.
- For sellers: Encourages repeat purchases, builds customer loyalty, stabilizes market share, allows premium pricing, eases new product introductions, and enhances promotional efficiency across products.

Types of Brands

There are four categories of brands: manufacturer brands, private distributor brands, individual brand, and family brands. ***Manufacturer brands*** are initiated by producers and make it possible for producers to be identified with their products at the point of purchase. A manufacturer brand usually requires a manufacturer to get involved with distribution, promotion, and, to some extent, pricing decisions. For example, Walton (electronics), Nestlé (food products), Samsung (electronics).

Private brands are initiated and owned by resellers. The major characteristic of private brand is that producers are not identified on the products. Retailers and wholesalers use private distributor brands to develop more efficient promotion, to generate higher gross margins, and to improve store images. Fod example, Meena Bazar's "Meena" grocery products, Carrefour's "Carrefour" branded items.

An individual brand is one used only for a single product. Individual brands have no obvious connections with the parent company. It is a policy in which each product is named something different. Marketers use individual brands when they need to differentiate their own products, when their products are so diversified that a family name loses meaning, or when they want to protect their family name should one product fail or get negative publicity. For example, Unilever's Lux (soap), Dove (soap), Sunsilk (shampoo).

A family brand is one used for two or more of the company's products. Family brands employ the name of the parent organization in some way. For example, Pran (Juice, Snacks, Dairy), Aarong (clothing, home décor), Walton (TVs, refrigerators, ACs).

Different Brand Related Terms

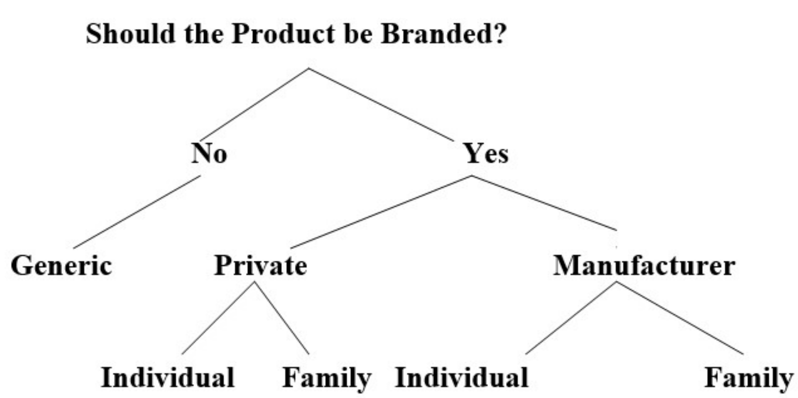
Before starting discussion on different brand related decisions we shall try to make you familiar with some of the key definitions relating to branding. They are mentioned and defined below :

- **Brand :** You already know what the term brand means. Let us reiterate it. Brand is a name, term, sign, symbol, or design, or a combination of them, which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.
- **Brand Name:** That part of a brand which can be vocalized - the utterable. Examples are Tibet, Aromatic, Wheel etc,.
- **Brand Mark :** The part of a brand which can be recognized but is not utterable, such as a symbol, design, or distinctive colouring or lettering. Examples are types of letters used to write IBM, The red "Lipton" tea leaf symbol.
- **Trademark :** A brand or part of a brand that is given legal protection because it is capable of exclusive appropriation. A trademark protects the seller's exclusive rights to use the brand name and/or brand mark. "Aarong" logo is trademarked in Bangladesh, ensuring exclusive rights to the brand.
- **Copyright :** The exclusive legal right to reproduce, publish, and sell the matter and form of a literary, musical, or artistic work. The design and illustrations in a Bangladeshi children's book series like Sisimpur are copyrighted.

Branding Strategies

Companies must decide whether to brand their products, considering costs (packaging, labeling, legal protection) and the risk of customer dissatisfaction. A brand—name, symbol, or design helps identify and differentiate products, encourages repeat sales, builds price-quality perception, aids new product launches, and provides control over distribution. Branding is most effective when products can carry identifiable tags and consumers use brands to distinguish products. Not all products, such as raw materials, are suitable for branding, and choosing a branding approach is a complex strategic decision. Deciding whether to brand products and what type of name to use is a very complex process (see the following figure).

Figure: Product Branding Decision



Source: Chowdhury (2010)

A brand can influence sales and profits for the company if managed properly. Recently, consumers have become more receptive to generic or unbranded products. Items such as fruits and vegetables, laundry soap, prescription drugs, and many others are now sold unbranded. The decision not to brand is becoming more popular as generic products gain acceptance among more buyers simply because they are lower priced.

The marketing executive has **two alternatives** when making branding decisions, assuming, of course, that the product is to be branded.

1. The executive must first decide, if branding a product, whether to use a *manufacturer or private brand.*

- Manufacturer vs. Private Brand:
  - **Manufacturer Brand:** Developed by the producer; builds recognition.
    - **Global Example:** Samsung Galaxy smartphones
    - **Bangladesh Example:** Walton home appliances
    - **Disadvantage:** High marketing cost; may get less retailer support
  - **Private Brand:** Owned by a retailer; reduces marketing cost.
    - **Global Example:** Great Value (Walmart)
    - **Bangladesh Example:**Meena Bazar's own brand products
    - **Disadvantage:** Loss of control; may compete with other brands

2. The executive's second major branding decision concerns the use of an individual or family brand.
   - Individual vs. Family Brand:
   - **Individual Brand:** One product; protects company image if it fails.
     - **Global Example:** P&G's Tide, Ariel, Pampers
     - **Bangladesh Example:** ACI Salt, ACI Pure Honey
     - **Advantages:** Failure of one product does not affect other products; no need for consistency among products
     - **Disadvantages:** Higher promotion cost for each product; brand recognition limited to a single item
   - **Family Brand:** Same name for multiple products; reduces marketing cost.
     - **Global Example:** Sony (TVs, cameras, audio systems)
     - **Bangladesh Example:** Walton (TVs, refrigerators, ACs, washing machines)
     - **Advantages:** Promotes consistent image; reduces cost for new product promotion; successful products help launch new ones
     - **Disadvantages:** Failure of one product can affect all others; less flexibility in targeting different markets

Brand Extension and Multi-brand Decision:

Brand extension is a strategy where a company uses an existing successful brand name for a new or modified product, usually within the same product category. This approach offers several benefits, such as lower marketing and R&D costs, increased retail shelf space, cross-promotion opportunities, and higher profits, while the main risk is cannibalization of existing sales. For example, globally, Dove extended from soap to shampoo, while in Bangladesh, Pran extended from juices to fruit bars.

On the other hand, a ***multi-brand strategy*** involves developing two or more brands in the same product category to target different consumer segments and appeal to varied buying motives. This strategy allows a company to occupy more shelf space and cover a wider market. For instance, PepsiCo markets Pepsi, Mountain Dew, and 7Up globally, while Unilever Bangladesh markets Dove, Lux, and Sunsilk. Both strategies help companies expand market presence, but brand extension relies on the strength of an existing brand, whereas multi-branding spreads risk across multiple brands.

Co-branding and Ingredient Branding Decision:

Co-*branding*is a marketing strategy where two or more brands collaborate to create a product or service that carries the names and reputations of both brands. The aim is to leverage the strengths, reputation, and customer base of both brands to enhance value and appeal. For example, Nike + Apple: Nike created the Nike+ running shoes integrated with Apple's technology for tracking workouts.

Ingredient branding is a strategy where a component or ingredient of a product is branded and promoted to enhance the appeal of the final product. Here, the ingredient itself becomes a selling point, highlighting quality, performance, or differentiation. For example, Intel Inside: Intel promotes its processors as a quality component in laptops and PCs.

Activity:
List 5 brands in Bangladesh and classify each as: Manufacturer Brand, Private Brand, Individual Brand, or Family Brand. For each brand, explain why it fits into that category. Identify whether the brand uses Brand Name, Brand Mark, or both, and explain with examples.

Discussion Questions

1. Define brand. Discuss the benefits of branding. Narrate different types of brands
2. Define different brand-related terms.
3. Why is branding necessary? Discuss how a company can make better brand decisions.
4. How a brand can be extended? Explain the possible ways with justification.
5. Differentiate between co-branding and ingredient branding with examples.

Lesson-4: Packaging and Labeling Decisions

Objectives of this lesson

After reading this lesson, you will be able to:

- Understand the need for packaging
- Define packaging and identify different levels of package
- Identify the functions performed by the packaging
- Understand major packaging considerations
- Define labeling and identify types of labels
- Describe the importance of labeling.

Introduction

The main concern in designing packages for products is to protect the merchandise on its journey from the factory to the ultimate consumer. It is particularly true for goods whose sales are made from display models. When customers select products from shelves, packaging becomes an important promotional tool. Sales are enhanced by packages that are visible, informative, emotionally appealing, and workable. High-visibility packages tend to be easy to find when they are displayed on the shelves of the stores. Package designs with good informational value tell the customer at a glance what the package contains. Packages also serve to satisfy emotional needs. Packages should be workable, which means that containers not only protect the product, but are easy to open and re-close, are readily stored, and have utility for secondary uses once the item is used up.

Three levels of packaging

A package can include three levels: the primary package, the secondary package, and the shipping package.

1. *The primary package* is the product's immediate container. Thus, the bottle holding a paracetamol syrup is the primary package.
2. *The secondary package* refers to materials that protect the primary package and is discarded when the product is about to be used. The cardboard box containing the bottle of paracetamol syrup is a secondary package and provides additional protection and promotion opportunity.
3. *The shipping package* refers to packaging necessary for storage, identification, or transportation. Thus, a corrugated box carrying six dozen of a particular brand of paracetamol syrup is a shipping package.

Functions Performed by the Packaging

- Protection and Storage: Holds, protects, transports, and stores the product, making it desirable for middlemen and customers.
- Convenience for Stores: Should be stackable and not occupy excessive shelf space.
- Product Identification: Distinctive packaging helps consumers identify and differentiate the product from competitors.
- Promotional Tool:
  - ✓ Cost-effective differentiation: Unique packaging is cheaper than extensive advertising or personal selling.
  - ✓ Self-service appeal: In retail, attractive packages grab attention and encourage purchases.
  - ✓ Status and Quality Indication: Size, shape, color, or material can enhance perceived product quality and status.
  - ✓ Enhanced Usefulness: Improves functional and social value beyond the product's physical components.

Considerations in Packaging Decision

When making packaging decisions, marketers must consider several factors. Cost is a key concern, as premium materials and designs can be expensive, though customers may pay more for improved packaging within limits. Decisions on single vs. multiple units affect demand, storage, handling, and trial usage. Family packaging ensures continuity across product lines to promote a consistent company image. Packaging also has a promotional role, attracting attention, conveying product information, and creating a desirable image through size, shape, color, texture, and graphics. For example, vertical lines can make packages appear taller, angular shapes suggest masculinity, and rounded shapes suggest femininity. Color choices should reflect target market perceptions and evoke positive associations while enhancing appeal.

Labeling Defined and Types of Labels

Labeling, a key part of packaging, conveys information about a product to buyers and can influence purchase decisions through size, shape, color, and texture. Labels are placed on the package, the product itself, or attached as tags. There are three main types: **brand labels** (show brand name, often for agricultural products), **grade labels** (indicate quality based on standards), and **descriptive labels** (provide information on contents, benefits, and usage). Labels can also be **persuasive** (promotional) or **informative** (detailed product information like ingredients, usage, and expiry).

Importance of Labeling

Labeling serves as an "attention-getting device" or silent salesperson, attracting buyers and playing a key role in the marketing mix. It is important not only for promotional and informational purposes but also legally, as labels can promote other products or guide proper usage to increase customer satisfaction. From the customer's perspective, labeling is crucial. With better education, communication, and rising living standards, consumers have become more informed and demand clear, explicit labels on many products.

Guarantee and Warranty: A **guarantee** is a promise by a manufacturer or seller assuring the buyer that a product will perform as claimed, and if it fails, the company will repair, replace, or refund it. It is often a general assurance of quality and satisfaction. For example, many electronics brands in Bangladesh, like Samsung or Walton, offer a money-back guarantee if the product is defective within a certain period. On the other hand, a **warranty** is a formal written agreement specifying the terms and conditions under which a product will be repaired or replaced for a specific period. Warranties are legally binding and usually cover manufacturing defects but not misuse. For instance, Walton refrigerators come with a 1–2 year warranty covering defects in materials and workmanship, while Grameenphone SIM cards may have a warranty period for device activation issues. Both guarantee and warranty help build consumer confidence, but a warranty is more detailed and legally enforceable.

Activity:

- Select 3 products from the local market. Identify the primary, secondary, and shipping packages for each. Explain how the packaging provides protection, convenience, identification, and promotional benefits.
- Suppose you are launching a new juice brand in Bangladesh. Decide:
- Single unit or multiple pack?
- Primary material (glass, plastic, carton)?
- The color and shape of the package are designed to attract the target market.
- Justify your choices based on marketing principles.

Discussion Questions

1. Why is packaging considered so important in contemporary marketing practice? Explain the factors that contributed to packaging's growing use as a marketing tool.
2. Describe the functions performed by the packaging. Discuss the major packaging considerations. Describe the importance of labeling to customers.
3. Differentiate between product guarantee and warranty with examples.

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Developing Pricing Strategies and Programs

6

Unit Highlights

- Lesson-1; Understanding Pricing and Setting the Price
- Lesson-2; Adapting the Price, Initiating and Responding to Price Changes

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

Pricing is one of the most complex and sensitive areas for the marketing executive. It is very difficult to set price, particularly when the product is launched in the market for the first time. The complexities of pricing can be seen in the way consumers perceive the price of the product. Consumers may view a price as high or low, denoting superior or inferior quality, or reflecting prestige or low status. As a result, a variety of factors go into developing a finite price. The price set today by a company is not, however, static. It may have to change the price with the elapse of time to meet varying circumstances and opportunities. No price, how carefully established-will be appropriate throughout the product's life. Competitors may engage in price war with the company. Company should, therefore, respond to the price changes of the competitors and this move should be a well-thought one.

Lesson 1: Understanding Pricing and Setting the Price

Objectives of this lesson

After reading this lesson, you will be able to:

- Define price and interpret its significance within the marketing mix.
- Examine the distinctive function of pricing within the Bangladeshi economy and commercial landscape.
- Determine the internal and external elements that affect price choices.
- Implement Kotler's six-step pricing strategy.
- Analyze practical instances of pricing methods in Bangladesh (specifically focusing on Walton and Aarong).
- Analyze how companies reconcile cost, demand, and competition in their pricing strategies.

Introduction to Communication

One of the most effective tools that marketers have is pricing. Price can be adjusted right away, and it has a direct effect on both sales and profitability. This is different from product design or advertising, which takes time to change.

Pricing is particularly importantfor any business, let alone in Bangladesh, as there are many different types of consumers. For example, there are low-income groups who are very price-conscious and wealthy urban consumers who are prepared to pay more for high-quality goods. Also, price is one of the most dynamic managerial choices because of fierce competition in the market, cultural norms around negotiating, and frequent government interventions.

Definition of Price

Price is one of the most decisive factors in the success of a business. As Kotler states, *pricing is the only element of the marketing mix that generates revenue; all others incur costs*. In Bangladesh, this importance is magnified because of its price-sensitive consumers, fierce competition, and frequent government interventions.

For example, even a small increase in rice prices can cause political debates, while telecom operators frequently revise their bundle offersto survive the aggressive competitive situation. Therefore, pricing is not just a managerial task—it is a strategic device affecting market share, consumer behavior, and overall brand positioning.

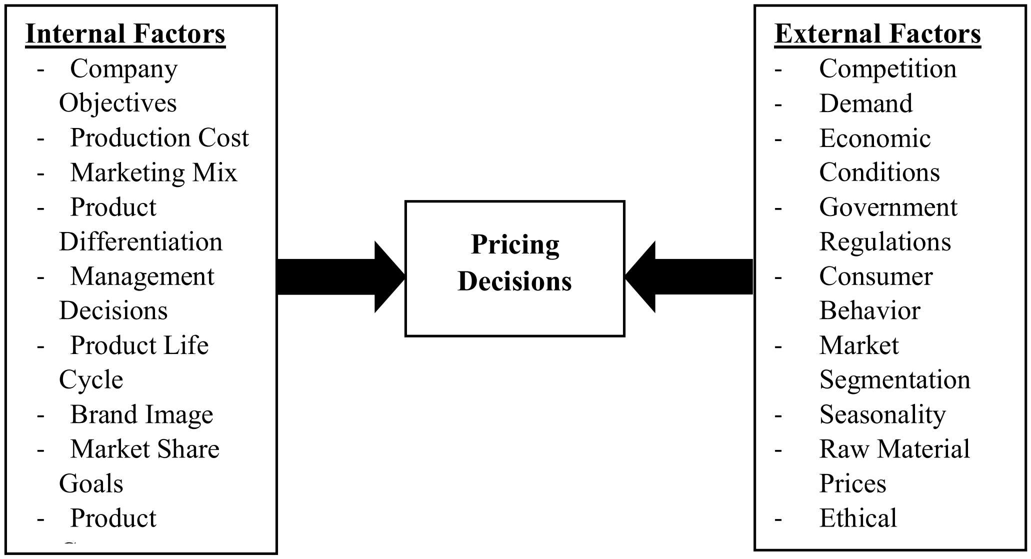
Price is the value that is put on a product or service and is the result of a complex set of calculations, research and understanding, and risk-taking ability. Stanton defines *Price as the amount of money or goods needed to acquire some combination of other goods and theiraccompanying services*.

Thus, it can be said that ***pricing*** is the process whereby a business sets the price at which it will sell its products and services and may be part of the business's marketing plan. In setting prices, the business will take into account the price at which it could acquire the goods, the manufacturing cost, the marketplace, competition, market conditions, brand, and quality of product.

Factors Influencing Pricing Decisions

Pricing of products or services can vary depending on many issues. Kotler has grouped these factors into two. These are: *internal factors* and *external factors.*Pricing decisions are shaped by a complex interaction of internal and external influences. Internal factors encompass organizational objectives, manufacturing expenses, components of the marketing mix, product distinctiveness, and management philosophy. External influences include competition, demand, economic conditions, governmental rules, and consumer behavior. Comprehending these variables is essential for establishing successful pricing that fulfills business objectives and aligns with the target market.

Figure 6-0-1 Factors Influencing Pricing Decisions



Source: Kotler et al., (2022)

Internal factors:

Internal factors significantly influence pricing decisions and include considerations such as marketing objectives, marketing mix strategy, and cost structures. Internal variables are elements that can be controlled, determined, and managed by the organization. These factors are primarily associated with the organization's business-level strategy and are significantly influenced by the nature of the business.

Below are the key internal factors that affect pricing.

1. ***Company Objectives:***Company Pricing strategies are influenced by the company's objectives, which may include maximizing profits, the penetration of the market, or the maintenance of a particular image. Some practical examples can be:
   a. Survive the Recession: In order to preserve sales volume and cash flow during economic downturns, a company may establish lower prices.
   b. Maximize Current Profit: Premium pricing strategies are frequently implemented to establish prices at a level that optimizes immediate profits.
   c. Boost Market Share: Competitive pricing may be implemented to attract additional customers and broaden market presence.
   d. Establish a Brand as a Market Leader: A brand can be established as a market leader by charging higher prices, which can indicate superior quality.
2. ***Production Costs:*** Production costs encompass the expenses related to the creation of goods or provision of services, comprising both variable and fixed costs, and establish the minimum threshold for pricing.
   a. Variable costs are expenses that fluctuate with manufacturing volume, including raw materials and labor. Prices should be established above variable costs to guarantee that each transaction aids in offsetting fixed costs.
   b. Fixed costs are constant expenditures, such as rent and salaries, which remain unchanged regardless of production levels. Pricing schemes must consider the gradual recovery of these expenditures.

   Companies must guarantee that pricing encompasses these cost categories to attain profitability.

3. ***Marketing Mix:*** The marketing mix requires that pricing decisions be coordinated with other aspects of marketing, such as the characteristics of the product, the distribution channels, and the promotional activities.Price is the most significant part of the marketing mix. If one of the four aspects changes, the other three—Production, Promotion, and Place—will also change right away. The attempt to put plans into action will not work unless the pricing adjustment is part of a whole marketing strategy that supports it.
    a. Product Design: The price should be based on the quality and design of the product. A greater price may be justified for a high-quality product.
    b. Distribution Channels: The price can change based on how the product is distributed. For instance, exclusive distribution could help with higher prices.
    c. Promotional Activities: You can use discounts or special prices to get more people to buy something or to get people to try out a new product.
4. ***Product Differentiation:*** One of the most popular characteristics that sets apart the product from the clutter is its uniqueness. If something has unique features or is thought to be of better quality, it can be worth charging more than the other available options. The features of the product also affect its price. To get clients to buy the product, different features are added, like quality, size, color, an attractive box, and other uses. Customers usually pay more for products that are new, stylish, or come in a better package.
5. ***Management Decisions:*** Additionally, the mentality of top-level management and the degree to which they are willing to take risks are elements that come into play are also important.
6. ***Product Life Cycle:*** Pricing strategies may differ based on a product's life cycle stage. There are a few different pricing techniques that can be implemented depending on whether a product is new, mature, or declining in its market share.
7. ***Brand Image:*** Frequently, a potent brand can command a higher price than its competitors due to its brand image.
8. ***Market Share Goals:*** Depending on the objectives of the market, pricing can be utilized to either expand market share or to simply retain market share.
9. ***Product Category:*** Pricing strategies vary based on what type of product in question. When it comes to product categories, pricing strategies are different depending on whether the product in question is a luxury good or something that can be used to fulfill a need.

External Factors:

External factors are those elements that lie beyond the organization's control. They are external due to the involvement of multiple entities that dictate and regulate these aspects. The corporate organization is subject to external factors and cannot control or dictate the overall indicators of these factors.

1. ***Competition:*** Competitor pricing strategies and market positioning significantly influence pricing decisions. It is an external factor that has a significant influence on the decisions that firms make on price. One of the most significant aspects to consider is the pricing tactics and market positioning of competitors.

    Competition is a vital element in pricing determination. A company may set its price at or below that of its competitors, as long as the product quality is never inferior to that of the competitors.
2. ***Demand:*** The level of demand for a product (elasticity of demand) affects how much a company can raise or lower prices. When it comes to the degree of demand for a product, which is referred to as the elasticity of demand, the degree to which a business can raise or lower prices is directly proportional to the degree of demand for the product. For a new product, it is essential to price it strategically to ensure market penetration,

even if the price aligns with the total cost. Conversely, for a product with high demand, a price increase may not significantly impact its demand. Therefore, management must consider product demand when making pricing decisions.

Certain organizations that receive customer orders may opt to lower their unit pricing or enhance their discount in response to heightened customer demand; conversely, this may vary based on other criteria evaluated by management.

3. ***Economic Conditions:*** Recessions or booms can impact consumer spending and influence pricing. Both recessions and booms in the economy have the potential to stimulate consumer spending, as well as the price issues that come up as a result of these fluctuations.

   The inflationary or deflationary trend influences prices. Prices are elevated during periods of economic expansion to offset rising production and distribution costs. To accommodate fluctuations in demand and pricing.

4. ***Government Regulations:*** Laws and regulations regarding pricing can sometimes become obstructive for a business. It is possible for laws and restrictions enforced by the government about price requirements to prevent a company from having access to all of the available alternatives.

   When the government passes laws to regulate prices, it can also impact price discretion. This is done when it is deemed necessary to stop prices from rising too quickly for some goods. The prices cannot go up since the government maintains a careful eye on how much things cost in the private sector. The marketers can manage a lot of the internal aspects, but they cannot control the external ones at all.

5. ***Customer/Consumer Behavior:*** Customer perceptions of value, price sensitivity, and purchasing power all affect pricing decisions. Pricing decisions are impacted by a variety of elements, including the customer's sense of value, the customer's sensitivity to price, and the customer's discretionary power to make purchases. The pricing decision of a company may be influenced by the diverse consumers and businesses that purchase its products or services. The pricing of a specific product, brand, or service is influenced by the nature and behavior of the customer when their number is significant.

6. ***Market Segmentation:*** Because different client groups may have different price sensitivity, market segmentation can help optimize pricing strategies. This is because different customer groups may have different price sensitivity.

7. ***Seasonality:*** Demand for certain products may vary based on the time of year, impacting pricing. Prices of certain goods may go up or down based on the time of year when people want them.

8. ***Raw Material Prices:*** Changes in the cost of raw materials can significantly affect pricing. Variations in the prices of raw materials have the potential to have a significant impact on the prices of the completed product.

   The price of a product can be significantly influenced by the suppliers of raw materials and other commodities. There is a strong correlation between the cost of the raw materials and the cost of the finished product. Pricing also depends on how abundant or scarce the raw resources are.

9. ***Ethical Considerations:*** Companies may also consider ethical implications when setting prices. Businesses generally take into account the ethical repercussions of their conduct when deciding prices. This is because ethical considerations are important to businesses.

For example, Walton sets prices partly based on internal cost structures, while Pran adapts prices according to competitive FMCG markets and consumer willingness to pay.

Setting the Price

Pricing is a choice that is both economically justified - to pay costs and guarantee profitability- and psychologically justified - in order to represent value in the eyes of customers. Consumers' perceptions of what constitutes a "fair price" are extremely important in Bangladesh, where bargaining is seen to be a cultural norm. As a result of Bangladesh's ability to offer pricing that is more competitive than that offered by Vietnam or Cambodia, Bangladeshi garment exporters frequently achieve success in international commerce. Value-based pricing is a strategy that can be implemented even in poor countries, as evidenced by the success of brands like Aarong in premium urban markets.

What is Pricing?

Pricing is one of the four elements of the marketing mix and has a significant impact. All other *P*s represent costs for the organization, whereas price constitutes income. Pricing refers to the process of establishing the price of a product that a corporation is now selling or intends to sell. Determining a price entails different pricing judgments that must be made when establishing the price of a product. The pricing structure of a corporation is a significant driver.

Understanding Pricing Strategy

It is the process through which efforts are directed towards determining the optimal pricing of a product. It often encompasses marketing objectives, consumer demand, product characteristics, rival pricing, and market and economic trends. Identifying the appropriate pricing plan is a crucial component of operating a successful business.
Steps in Setting the Price

Some organizations implement cost-plus pricing. In this scenario, a percentage is incorporated into the production cost to determine the price. The assertion is that the company's goal is profit maximization; hence, any pricing decision must align with this purpose. Pricing decisions must align with the overarching company objectives, since this alignment determines the true pricing aim, ensuring that the decisions taken do not contradict the firm's goals.

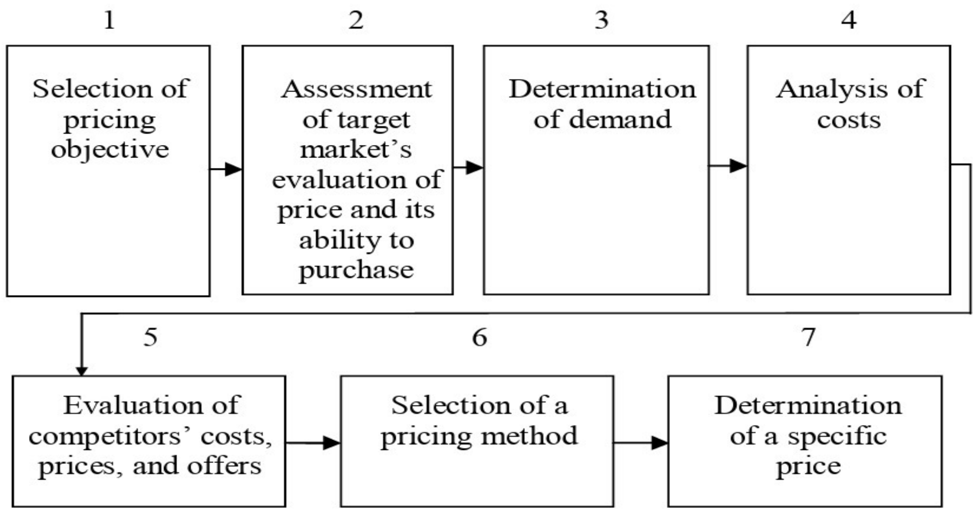
Pricing choices take place at two tiers inside the organization. The overall pricing strategy is managed by senior executives. They establish the fundamental categories into which the product is classified in market sectors. The specific mechanics of pricing are addressed at subordinate levels within the organization and concentrate on unique product strategies. Typically, a collaboration of production and marketing specialists participates in determining the pricing.

It is essential to understand the pricing strategies according to the prevailing market situation because the knowledge will help in:

i. Earning profits.
ii. Increasing the sales volume.
iii. Determining the company's growth.
iv. Maintaining a competitive edge.
v. Surviving the competition
vi. Creating an ideal image of the product as well as the company
vii. Discouraging the competitors from initiating price cuts.

The nature and significance of price have been previously examined. It is now time to proceed to the subsequent phases of pricing setting. Setting a price for the first time is a significant challenge for a company, and it encounters this situation when it intends to introduce an existing product into a new distribution channel, area, or participate in a proposal. A company must adhere to a logical process that consists of seven stages when establishing its pricing policy, which involves the consideration of numerous factors. The following are the following: the selection of a pricing objective, the evaluation of the target market's price perception and its purchasing capacity, the determination of demand, the analysis of costs, the analysis of competitors' costs, prices, and offers, the selection of a pricing method, and the determination of a specific price. The phases of price setting are illustrated in the accompanying figure.

Figure 6-0-2 Stages involved in setting prices



Source: Kotler et al., (2022)

We shall discuss each of them in turn:

Pricing Objectives

Product and service prices often determine business success. The ideal mix of these elements depends on goods, markets, and company objectives, even if costs, competition, demand, and profit are consistent across all organizations. The manager creates and implements a price plan for a certain firm at a specific time. Various value management approaches are noticed. In smaller organizations, senior management sets prices, not marketing or sales. In bigger organizations, division and product-line managers determine prices according to senior management's pricing policies and goals. The firm must first determine its product goals before choosing a pricing objective.

The selection of a target market and the proper positioning of the product facilitate the implementation of a firm's marketing mix strategy, which includes price. A company can effortlessly establish the price of its product by establishing its objectives with precision. ***Pricing objectives*** are overarching objectives that encompass the significance of price in an organization's long-term strategies. Decisions in the majority of functional areas will be influenced by pricing objectives. The objectives must be in accordance with the organization's overarching objectives.

Figure 6-0-3 Pricing Objectives

Source: Kotler et al., (2022)

A marketer frequently employs multiple pricing objectives due to the numerous domains that are involved. The following section will examine several of the standard pricing objectives that marketing executives pursue. A firm may pursue one of the six main objectives through its pricing strategy, including survival, maximum current profit, maximum sales growth, product quality leadership, maximize current revenue, or maximize market exploitation. We shall now discuss in turn each of these objectives:

i. ***Survival:*** A fundamental pricing objective is to survive. Most organizations will not tolerate short-run losses, internal upheaval, and almost any other difficulties if they are necessary for survival. Since price is such a flexible and convenient variable to adjust, it is sometimes used to increase sales volume to levels that match the organization's expenses. If a company is plagued with over-capacity, intense competition, or changing consumer wants, it can pursue the survival objective. It is a short-run objective pursued by different companies to ensure survival. Companies here cut prices without considering profit margin in such a way that covers variable costs and some fixed costs to sustain.

ii. ***Maximum Current Profit:*** It is another pricing objective being pursued by many companies, and they set a price that guarantees maximum current profit. This objective does not always guarantee maximum profit, particularly in the long run, because the company overlooks the effects of other marketing mix variables, legal restraints on price, and competitors' reactions. The other problem associated with it is that a company setsa price here, taking into account the demand and cost functions, which can hardly be estimated accurately.

iii. ***Maximum Sales Growth:*** Pursuing this objective means setting the price at the lowest level to ensure maximum sales in order to lower unit cost, thus maximizing long-run profit. This can also be termed as market-penetration pricing, and consumers are thought of as overly sensitive to prices. In order to pursue this strategy, three conditions must prevail. They are the market is price sensitive, and market growth is stimulated by low price; accumulated production experience reduces production and distribution costs; actual and potential competitors are discouraged by low price.

iv. ***Product-Quality Leadership:*** A company might have the objective of product quality leadership in the market. If a company aims to be the product-quality leader in the market, it can pursue this pricing objective. Here, the company sets prices at a higher level (compared to competitors) to give the market an idea that its product is superior in terms of quality, durability, functional performance, and so on (it produces a high-quality product). The price is also high here to cover high product quality and the high cost of research and development.

v. ***Maximize Current Revenue:*** Here, the price is set based on a demand function with the aim of maximizing sales revenue. It is hoped that market share growth and profit maximization will be achieved in the longrun if this objective is pursued.

vi. ***Maximum Market Skimming:*** In this objective, the price is set at a high level. This objective is pursued particularly in the case of a new or innovative product, with the hope that some segments will buy the product because of the newness, even paying a higher price. When these segments become sour, the company will lower the price to attract new segments and continue to follow the same method as long as the product is sold and thus skimming the market.

Under the following conditions, the market skimming strategy works:

a. If a sufficient number of buyers have a high current demand,
b. If the unit costs of producing a small volume are not so high that they cancel the advantage of charging what the traffic will bear,
c. If the high initial price does not attract more competitors to the market, and
d. If the high price communicates the image of a superior product.

Other Pricing Objectives

There are additional pricing objectives that are implemented by nonprofit, social, or public organizations, while others are used by business organizations. They include the following: maximizing cash flow, meeting or preventing competition, stabilizing prices, supporting other products, achieving a target market share, achieving a target return on investment, achieving partial cost recovery (which may be pursued by an educational institution), achieving full cost recovery (which may be pursued by a non-profit maternity clinic), and establishing a social price that is tailored to the varying income situations of different clients (which may be pursued by a nonprofit theatre company). Let us now have a short discussion on them:

i. ***Achieve a Target Market Share:***The marketing executive will assess the total market potential and ascertain the appropriate market share for the product in light of the competition. The executive will subsequently determine the appropriate price to establish to secure that market share.

ii. ***Achieve a Target Return on Investment:***The attainment of a desired return on investment is a more practical pricing objective. The marketer initially ascertains the entire cost of producing and distributing a specific quantity of units, which encompasses both the variable and fixed costs. After that, he determines the desirable return on the investment. After that, the executive will determine a price that will generate the specified level of profitability.

For example:	
Total cost to produce and sell 1,000,000 units	= Tk2,000,000
Desired return on investment	= 15%
Target profits	= Tk. 300,000
Selling price per unit (for 1,000,000 units)	= Tk. 2.30

iii. ***Minimize cash flow:*** Under this purpose, the marketing executive may price the product to optimize cash flow. Sales are thought to mean cash. Often, purchases are made on credit. If a corporation must pay its supplier before consumers, cash inflows will be slower than withdrawals. The marketing executive may have to persuade customers to pay in cash or sooner to solve this issue. Marketers can make cash prices more appealing than credit prices or those from competing merchants.

iv. ***Meet or Prevent Competition:*** Marketers may worry more about competition than product performance. In such cases, he may price the product to eliminate price as a marketing variable or deter competition.

v. ***Stabilize Prices:*** A marketer seeks to provide a steady product pricing, so executives and potential purchasers know what to expect and plan for. The marketing executive usually meets competitive price adjustments as they occur to stabilize prices, minimizing the benefits of price modification and helping him retain clients.

vi. ***Support Other Products:*** Marketers can utilize a product as a loss leader to boost the sales and profitability of other items in the company's mix. He may do this to maximize business earnings rather than item profits. This goal works when the product mix is consistent.

Determination of demand

How much of a product people want to buy depends on how much it costs, which has different effects on the business goals of the company. As we look at the demand plan, we can see how price and demand are related. The demand plan tells us how much of a thing people will want to buy at different prices. It is known that, in a few cases, the link between price and quantity is inverse. If the price is high, people will buy less, and if the price is low, they will buy more. This shows that buyers are price sensitive.

Price Sensitivity: The demand curve illustrates the anticipated amount of purchases in the market at varying prices, aggregating the responses of several consumers with diverse price sensitivities. The first step in estimating demand is to understand what affects price sensitivity. Generally speaking, customers are less price sensitive to low-cost items or items they buy infrequently. They are also less price sensitive when (1) there are few or no substitutes or competitors; (2) they do not readily notice the higher price; (3) they are slow to change their buying habits; (4) they think the higher prices are justified; and (5) price is only a small part of the total cost of obtaining, operating, and servicing the product over its lifetime. Estimating Demand Curves Most companies attempt to measure their demand curves using several different methods.

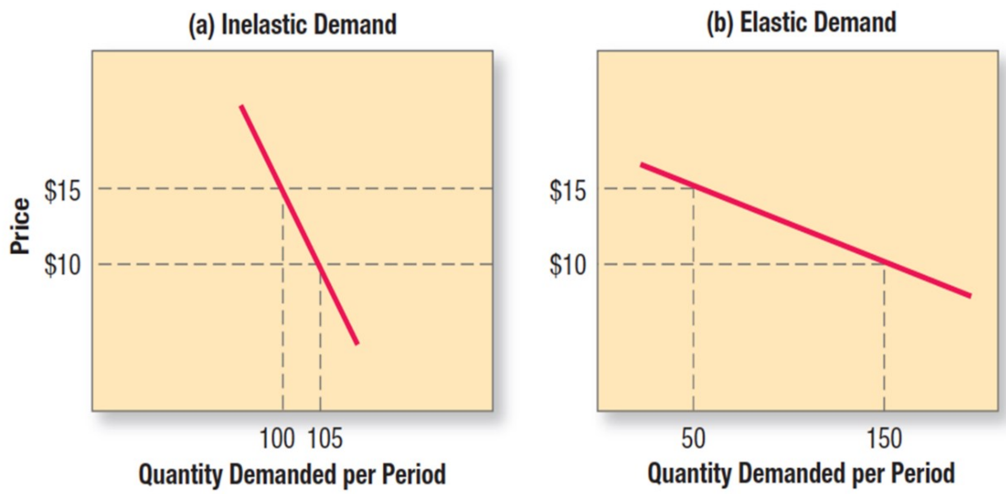
i. Surveys can explore how many units consumers would buy at different proposed prices.
ii. Price experiments can vary the prices of different products in a store or of the same product in similar territories to see how the change affects sales.
iii. Statistical analysis of past prices, quantities sold, and other factors can reveal their relationships.

Price Elasticity of Demand Marketers need to know how responsive, or elastic, demand is to a change in price.

Price Elasticity of Demand

It is the relative responsiveness of changes in quantity demanded to changes in price. Price elasticity should be taken into consideration in setting the price. If the change in price does not affect the demand position, we can call it an inelastic demand situation, and an elastic demand situation is that where a slight price change considerably affects the demand position. A product, demand for which is elastic, marketers can ensure increased sales by lowering the price. Elasticity of demand depends on several conditions, and demand of a commodity is likely to be less elastic if the following conditions are present: (a). where the number of substitutes or competitors is few in number; (b). where buyers do not readily notice the change (increase) in price; (c). where buyers are relatively brand loyalists; and (d). where buyers consider a price increase as logical.

Figure 6-0-4 Inelastic and Elastic Demand



Source: Kotler et al., (2022)

Each price will lead to a different level of demand and have a different impact on a company's marketing objectives. The normally inverse relationship between price and demand is captured in a demand curve (see Figure 6-4): The higher the price, the lower the demand. For prestige goods, the demand curve sometimes slopes upward. Some consumers take the higher price to signify a better product. However, if the price is too high, demand may fall.

Consider the two demand curves in Figure 6-4. In demand curve (a), a price increase from $10 to $15 leads to a relatively small decline in demand from 105 to 100. In demand curve (b), the same price increase leads to a substantial drop in demand from 150 to 50. If demand hardly changes with a small price change, we say it is inelastic. If demand changes considerably, it is elastic.

Price increases may lead to more demand for specialty or prestige goods because buyers connect price to quality: they think a higher price means the item is better or rarer. We will now talk about the things that affect how price-sensitive buyers are.

Factors Affecting Price Sensitivity: There are nine factors that affect price sensitivity as identified by Nagle. They are:

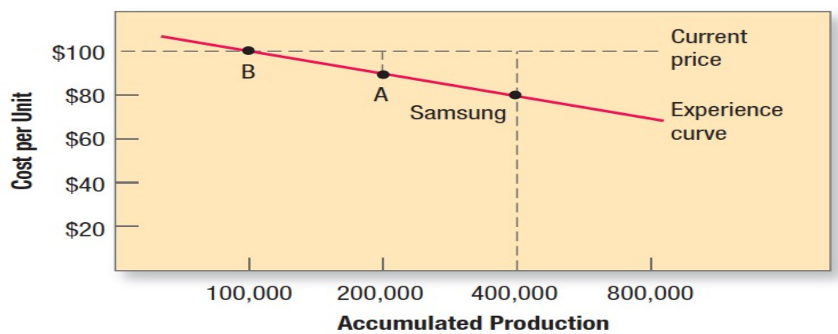
a. Unique value effect: When the product is considered more unique by the buyers, they will usually be less price sensitive.

b. Substitute awareness effect: When buyers are less aware of substitutes then they are found to be less price sensitive.
c. Difficult comparison effect: When buyers cannot easily compare the quality of substitutes, they are usually less price sensitive.
d. Total expenditure effect: If the expenditure on the product is less as a ratio to buyers' income, then they are found to be less price sensitive.
e. End-benefit effect: The less the expenditure is to the total cost of the end product, the less price sensitive buyers are.
f. Shared cost effect: When part of the cost is borne by another party, then buyers are less price sensitive.
g. Sunk investment effect: If the product is used in conjunction with assets previously bought, buyers will be less price sensitive.
h. Price-quality effect: When the product is assumed to have more quality, prestige, or exclusiveness, then buyers are less price sensitive.
i. Inventory effect: When buyers cannot store the product, then they are less price sensitive.

Methods of Estimating Demand Curves: Several methods can be used to measure the demand curve of a company's product. They are discussed below:

First, existing data on past prices, quantities sold, and other factors can be analyzed statistically. *Second*, price experiments may be conducted either by estimating the demand curve based on in-store sales data of a product at various prices or by selling the product at various prices in various territories and observing their effect on sales. *Third*, buyers may be asked how much they will buy a product at various prices.

Figure 6-0-5 Estimating Costs - Experience/Learning Curve



Source: Kotler et al., (2022)

Suppose Symphony runs a plant that produces 3,000 tablet computers per day. As the company gains experience producing tablets, its methods improve. Workers learn shortcuts, materials flow more smoothly, and procurement costs fall. The result, as Figure 16.3 shows, is that average cost falls with accumulated production experience. Thus, the average cost of producing the first 100,000 tablets is $100 per tablet. When the company has produced the first 200,000 tablets, the average cost has fallen to $90. After its accumulated production experience doubles again to 400,000, the average cost is $80. This decline in the average cost with accumulated production experience is called the experience curve or learning curve.

Now, suppose three firms compete in this particular tablet market, Symphony, A, and B. Symphony is the lowest-cost producer at $80, having produced 400,000 units in the past. If all three firms sell the tablet for $100, Symphony makes $20 profit per unit, A makes $10 per unit, and B breaks even. The smart move for Symphony would be to lower its price to $90. This will drive B out of the market, and even A may consider leaving. Symphony will pick up the business that would have gone to B (and possibly A). Furthermore, price-sensitive customers will enter the market at the lower price. As production increases beyond 400,000 units, Symphony's costs will drop still further and faster, more than restoring its profits, even for $90.

Analysis of Cost

In setting price, a company considers its costs of production, distribution, and other costs as of the elasticity of demand. To stay in business, a company has to set prices that cover all its costs. Here we shall discuss (i). types of costs, (ii). cost behavior at different levels of production per period, (iii). cost behavior as a function of accumulated production, (iv). cost behavior as a function of differentiated marketing offer, and (v). target costing, in understanding how costs are estimated.

i) ***Types of Costs:*** Costs are associated with the production of any good or service. Determining costs of production necessitates distinguishing fixed costs from variable costs. Costs that do not vary with the quantity of production can be termed as fixed costs, such as house rent, executives' salaries, and so on. The cost of renting a factory, for example, does not change because production increases from one shift to two shifts a day. Variable costs, on the other hand, are related to the quantity of production. They increase with the increase of production and decrease with the fall of production, such as raw materials. These costs are usually constant per unit. Average variable cost is the variable cost per unit produced. It is calculated by dividing the variable costs by the number of units produced. Total costs are the sum of fixed and variable costs. In price fixation, a company normally charges a price that covers at least its total cost.

ii) ***Cost Behavior at Different Levels of Production Per Period:*** Costs of production vary with different levels of production because the rate of utilization of machinery varies, and fixed costs per unit also vary. Management should find the optimum level of production to keep the fixed cost per unit at a minimum level.

iii) ***Cost Behavior as a Function of Accumulated Production***: A company's per unit production costs keep reducing as it increases its production up to a certain level, because it accumulates experience as it progresses. For example, if the company produces 50,000 units, per per-unit production cost may be Tk15; if it produces 100,000 units, per per-unit production cost may come down to Tk12, and so on. An experienced company may exploit this experience by reducing its price compared to competitors' prices in order to drive a few of the competitors out of the race, and thus can increase its market share significantly.

iv) ***Cost Behavior as a Function of Differentiated Marketing Offers:*** Since this is the era of extreme competition, companies try to satisfy their customers by fulfilling their requirements. It leads to the idea of offering different terms to different customers since they vary in their requirements, and as a result, marketers' costs will differ with different customers. Since marketers' costs vary here, marketers should fix different prices for different customers, and in fixing prices, they should rely on activity-based costing (ABC) instead of standard costing.

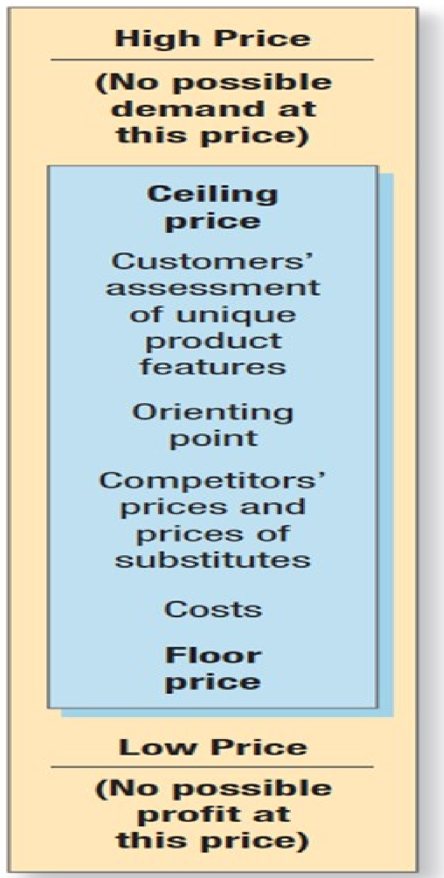
v) ***Target Costing:*** Here, a company first determines the price of a product at which it must sell, and from there on it deducts the desired profit margin to arrive at the target cost. Efforts are taken thereafter to keep the production cost and other costs limited to the target cost. The target cost for this purpose is broken down to all of the costs that are involved with the production and marketing of the commodity, so that measures can be taken to keep the cost of every item limited within the target cost.

Evaluation of Competitors' Costs, Prices, and Offers

To set prices appropriately, a company should have a clear picture of competitors' cost, prices, and their reactions against the possible range of prices determined by market demand and cost. It is also imperative to know in detail about competitors' offers in terms of quality, price, and other variables. If the company finds that its offer is more or less similar to competitors' offers, it should price close so that it does not lose sales. If it finds that it is in a superior position, it can charge a high price, and should charge a lower price compared to competitors if its offer is found inferior to competitors' offers.

The business is now prepared to choose a price in light of the rivals' pricing, the cost function, and the consumers' demand schedule. Businesses choose a pricing strategy that takes into account one or more of these three factors. Markup pricing, target-return pricing, perceived-value pricing, value pricing, EDLP, going-rate pricing, and auction-type pricing are the seven price-setting strategies that we will look at.

Figure 6-0-6 Selecting Pricing Method



Source: Kotler et al., (2022)

Becoming aware of competitors' prices, particularly, is not always an easy task, especially in producer and reseller markets. Competitors' price lists are often closely guarded. Even if a marketer has access to competitive price lists, these lists may not reflect the actual prices at which competitive products are sold. The actual prices may be established through negotiation. It is, therefore, important for marketers to be incredibly careful in utilizing competitive price information while reaching price decisions.

Selection of a Pricing Method

When a company has three Cs in hand, it is ready to select a price. The three Cs are: customers' demand schedule, cost function, and competitors' prices. In selecting a price, a company has to select a particular pricing method, which includes cost considerations, competitors' prices, prices of substitutes, and customers' assessment of unique product features. We shall now discuss different pricing methods, any of which may be selected by a company:

a. ***Markup Pricing:*** This is the easiest pricing method. Here, marketers first find out various costs and add a standard percentage tothem as profit.

$$\text{Markup price} = \frac{\text{unit cost}}{(1 - \text{desired return on sales})}$$

The most elementary pricing method is to add a standard markup to the product's cost. Construction companies submit job bids by estimating the total project cost and adding a standard markup for profit. Lawyers and accountants typically price by adding a standard markup on their time and costs. Assume the manufacturer wants to earn a 20 percent markup on sales. The manufacturer will charge dealers \$20 per toaster and make a profit of \$4 per unit. If dealers want to earn 50 percent on their selling price, they will mark up the toaster 100 percent to \$40.

b. ***Target-Return Pricing:*** Here, the price is set at that level which will yield the target rate of return on investment made by the company. For example, a company has invested Tk10,00,000/- in its business, and expects a sale of 100,000 units, and the per unit cost is Tk10/-. The company wants to achieve a 20% rate of return on investment. In this case, its target return price will be Tk12/-. The formula used to calculate target return pricing is as follows:

$$Target\ Return\ Price = \text{Unit Cost} + \frac{\text{Desired Return} \times \text{Invested Capital}}{\text{Unit Sales}}$$

c. ***Perceived-Value Pricing:***This is one of the contemporary pricing methods under which marketers, in setting their prices, do not take into account their costs as a key consideration; rather, they see the buyers' perception of value. To build up perceived value in the buyers' minds, marketers use non-price variables such as durability, reliability, service, etc. in their marketing mix, and perceived value is captured to set the price accordingly.

d. ***Value Pricing:*** This is also a modern method of pricing where high-quality products are priced significantly low,i.e., highvalue is offered to customers. Value pricing is not a matter of simply setting lower prices compared to competitors; rather, it is a matter of re-engineering the company's operations to truly become the low-cost producer without sacrificing quality, and lowering one's prices significantly so that a large number of value-conscious customers are attracted.

e. ***Going-Rate Pricing:*** It is a popular pricing method and is used when costs and competitors' responses are difficult to measure. Firms here do not take into account their costs and demand positions in setting prices rather determine prices based on their competitors' prices. They can charge similar, lower, or higher prices than their competitors.

f. ***Sealed-Bid Pricing:*** This type of pricing method is followed when a firm wishes to win a contract or job. Pricing here is done keeping in mind the probability of winning the contract and expected profit, not the cost of the firm and its demand position. If a firm wants to increase the probability of winning, it has to set a lower price.

Determination of a Specific Price

Price Final price may be selected easily based on the pricing methods discussed earlier. In order to select the final price, a few additional factors need to be taken into consideration by a company. These are: psychological pricing, influences of other marketing mix elements on price, company pricing policies, and the impact of price on other parties. We shall now discuss them in turn:

a. ***Psychological Pricing:*** Price sometimes denotes psychological meanings, such as a high price means high quality, or an odd price means a lower price range, or may convey the notion of discount or bargain. For example, a particular product priced at Tk200/- per unit may contain Tk150/- worth of that product, but the consumer will not mind paying Tk200/- for the product because it may communicate an image of Tk200/- worth. In case of ego-sensitive products, higher prices may be charged. Another example could be a product charged Tk199/- instead of Tk200/. Customers may see this as a price in the Tk100/- range rather than Tk.200/- range.

b. ***The Influences of Other Marketing Mix Elements on Price:*** In selecting the final price, a company should take into account the influence of other marketing mix elements such as the quality of the product, the advertising budget, and so on. A particular brand could be priced high if its relative quality is average, but the advertising budgets are high. Brands that are of high average quality and advertising budgets are high may also be priced high. If a product is in the later stage of its life cycle and occupies a major portion of market share may also be priced high.

c. ***Company Pricing Policies:*** The Final price is also the outcome of the pricing policy being pursued by a company. For example, if a company emphasizes the price recommendations of its sales force, it may select the final price based on the price quotes made by the salespeople.

d. ***Impact of Price on Other Parties:*** Final price is also selected considering the impact of it on other parties, such as distributors' reactions, salespeople’s objections, government reactions, competitors' policies, and the effect of legislation on prices.

Activities:

Group Task: Each group will observe and study a Bangladeshi company (Walton, Aarong, bKash, Pran, Bata, etc.) and present its pricing objectives, methods, and challenges.

Role Play: One group will act as a new fintech company setting its pricing; others will represent competitors and must plan responses.

Bangladesh Case Example: Walton Electronics

Walton initially priced its refrigerators and televisions 10–15% lower than global brands.This attracted lower-middle-class consumerswho otherwise could not afford Samsung or LG.As Walton grew, it introduced premium lines priced higher, appealing to upwardly mobile consumers in Dhaka.

Bangladesh Example: Walton followed penetration pricing in its early years (low initial prices) before moving to value-based pricing as its brand matured.

This is a real-life example of the dynamic application of Kotler’s framework in a Bangladeshi context.

Discussion Questions

1. Define the meaning of price and explain its role.
2. Summarize different pricing objectives.
3. How would you analyze and estimate costs?
4. Explain alternative pricing methods available to a marketing executive.
5. Why is pricing more flexible than other marketing mix elements?
6. How do cultural norms (like bargaining) influence pricing strategies in Bangladesh?
7. Which pricing method is most appropriate for a new Dhaka-based ride-sharing company?

Lesson 2: Adapting the Price, Initiating and Responding to Price Changes

Objectives of this lesson

After reading this lesson, you will be able to:

- Explain why companies need to adapt prices across different markets and situations.
- Identify the key pricing adaptation strategies (geographical, segmented, promotional, differential).
- Understand the reasons for initiating price increases and decreases.
- Evaluate how firms respond to competitors' price changes.
- Analyze Bangladeshi cases such as the bKash–Nagad rivalry and edible oil pricing.
- Develop critical thinking skills through case simulations and debates on price wars.
- Know how prices can be discriminated against
- Describe product-mix pricing

Introduction

Prices set by a company do not always remain the same. Over time, the original price established for almost any product will have to be adjusted. The marketing executive will find it necessary to change the product's price several times during the course of its life cycle. They are changed or adapted depending on the needs or situations. A company needs to adapt its prices to different situations, i.e., it may charge different prices depending on geographic variation, variations in segments, purchase timing, order levels, delivery frequency, guarantees, service contracts, and some other factors.

Companies must maintain a high level of alertness following the establishment of prices. Competitors introduce new offers, consumer demand fluctuates, and costs fluctuate—market conditions are rarely static. Kotler underscores the importance of price adaptation and the ability to respond to competitor changes to ensure survival and development. In Bangladesh, this is evident in the form of government-regulated adjustments to essential products, FMCG promotional offers, and telecom bundles.

Goals of Price Adaptation

Price adaptations are made to pursue a number of goals. They are changes of purchase patterns, market segmentation, market expansion, utilization of excess capacity, implementation of channel strategy, and, to meet competition. We shall now discuss in brief these goals in the following paragraph:

i. ***Change of Purchase Patterns:*** Marketers may adapt their prices to influence or change patterns of purchase. Lower prices may be granted to induce customers to buy in larger quantities, to buy in anticipation of future needs, or to concentrate their purchases among fewer sources of supply. Higher prices may be charged to certain customers to discourage them from carrying the line, thus reducing the intensity of competition in certain markets.

ii. ***Market Segmentation:*** Marketers can also adapt their prices to tap segments of a market that differ in the price elasticity of demand. These differences in sensitivity to price may come about because of differing values in use among various classes of buyers and/or differing competitive situations facing the seller.

iii. ***Market Expansion:*** By offering lower prices to customers who have lower values in use, the market for a given product or service may be expanded. Such expansion may also be accomplished by offering lower prices to present customers to gain new applications of the product or service where prior price levels made such applications uneconomic.

iv. ***Utilization of Excess Capacity:*** Price adaptations can also be made to utilize excess production or marketing capacity. If such capacity exists, adaptation makes a sale possible, which covers direct costs and will contribute to the total profits of the firm.

v. ***Implementation of Channel Strategy:*** Price adaptation is a major device by which a firm attempts to implement its marketing strategy concerning channels of distribution. Price variations may reflect differences in marketing tasks performed by various types of resellers or differences in the competitive environments in which they operate. Adaptation may encourage certain channels to engage in various promotions of the line, or they may be used to gain representation of the line in diverse channels.

vi. ***To Meet Competition:*** Adaptation in price is also a device that can be used to meet competition. The price ceiling for a given product or service is set by the value in use or utility offered to the buyer, as well as by the alternatives open to the buyer with respect to other sources of supply. Where the seller is disadvantaged because production facilities are located far from the potential buyer, a price adaptation may be made to make the delivered price attractive compared to the competition.

Adapting the Price

A variety of adaptation strategies may be implemented to adjust a company's price. A company may select one or more of these strategies contingent upon the policies it elects to pursue. The following are the various price-adaptation strategies that will be discussed in this section: geographical pricing, discriminatory pricing, product-mix pricing, price discounts, allowances, and promotional pricing.

Price-Adaptation Strategies

Companies adapt prices to fit diverse consumer needs and geographic realities.

1. ***Geographical Pricing:***Geographical pricing is the practice of establishing distinct prices for the same product in various regions or locations. This adjustment takes into account the differences in local demand, purchasing power, transportation costs, and competition among markets. Companies that operate on a national or international scale frequently encounter variations in market conditions and costs. Price disparities in Bangladesh are significantly influenced by factors such as transportation infrastructure, proximity to raw materials, and local demand-supply dynamics.

   Cement Industry: Cement prices are generally lower in Chattogram because most cement factories are located near the port city, reducing logistics and transportation costs. In contrast, prices are higher in Rangpur, a northern district far from the manufacturing hubs, due to higher transportation expenses and limited supply.

   For consumers, geographical pricing sometimes creates perceptions of inequality.For companies, it ensures cost recovery and helps maintain competitiveness by tailoring to local market conditions.

2. ***Segmented Pricing:*** Segmented pricing, also known as price discrimination, is the practice of a company offering the same product at two or more distinct prices, which are not determined by cost differences but rather by variations in consumer segments, tendencies to pay, or purchase location. The objective is to increase consumer surplus by charging higher prices in areas where customers are less price-sensitive and lower prices in areas where customers are more price-sensitive.

   Aarong: The lifestyle retail chain targets affluent customers who prioritize exclusivity and are less price-sensitive, charging premium prices at its Gulshan and Banani locations. Nevertheless, Aarong conducts liquidation sales and offers discounts in other outlets, such as Sylhet or Mirpur, to appeal to price-conscious middle-class consumers.

   The question of whether it is ethical to charge varying prices for the same product is frequently raised. In practice, it enables businesses to maximize profits and serve a wide range of markets while still remaining accessible to individuals of varying incomes.

3. ***Promotional Pricing:***Promotional pricing is when prices are lowered for a brief time to get customers interested, boost short-term sales, or get rid of extra stock. It is frequently

associated with particular campaigns, festivals, or e-commerce mega-sales. Promotional pricing induces a sense of urgency and promotes impetuous purchases. It has the potential to assist in the development of brand visibility or the trial of products by new customers. Nevertheless, the long-term profitability and brand image may be negatively impacted by excessive reliance.

Daraz 11.11 Sale: The premier e-commerce platform, Daraz, conducts mega-sales events, including 11.11 and Black Friday, which provide reductions of up to 70%. These events attract millions of online consumers, increase platform engagement, and assist vendors in rapidly clearing their stocks.It generates enthusiasm and presents consumers with opportunities to purchase at a reasonable price. Businesses may experience a decrease in margins, despite the fact that it increases traffic and sales. Customers are at risk of being conditioned to anticipate discounts rather than purchasing at regular prices.

4. ***Differential/DynamicPricing:***Differential or dynamic pricing entails the real-time adjustment of prices in response to demand, supply, customer characteristics, or specific circumstances. Changes in prices are frequent and contingent upon market conditions. It is extensively employed in sectors that experience substantial fluctuations in demand, including transportation, lodging, airlines, and ride-sharing platforms. This strategy is made feasible by data analytics and technology.

   Uber in Dhaka: Surge pricing is implemented during peak hours, such as the office bustle, rainy days, or Eid purchasing season. Fares are automatically increased when the demand for cars exceeds the supply of available vehicles. This ensures that a greater number of vehicles are motivated to join the road, thereby harmonizing supply and demand.

Table 1 Pricing adaptation methods

Pricing Strategy	Definition	Bangladesh Example	Key Consideration
Geographical Pricing	Different prices across regions	Cement: lower in Chattogram, higher in Rangpur	Transport costs, supply-demand
Segmented Pricing	Different prices for segments (not cost-based)	Aarong: premium in Gulshan, discounts elsewhere	Market willingness to pay
Promotional Pricing	Temporary discounts for sales boost	Daraz 11.11 sale	Risk of devaluing the brand
Differential Pricing	Real-time dynamic pricing	Uber surge pricing in Dhaka	Consumer perception of fairness

During periods of elevated demand or emergencies, consumers may experience a sense of exploitation. It guarantees the efficient allocation of resources and the availability of services from the company's perspective.

Methods of Adapting Price

The simplest pricing strategy is to increase the product's price by a standard markup. Estimating the whole project cost and adding a typical markup for profit is how construction companies submit work bids. When setting professional prices, accountants and attorneys usually add a customary markup to their time and expenses. Let's say the producer wants to mark up sales by 20%. The manufacturer will profit $4 from every toaster by charging dealers $20 each. Dealers will mark up the toaster 100% to $40 if they wish to receive 50% of the sale price.

The standard price established for the product by a marketer is the list price. But it is not always the actual price charged to the customer. Basic prices are here modified to reward customers for such acts as early payments, volume purchases, and off-season buying, and called together discounts and allowances. Marketers sometimes offer a discount or allowance to the buyers, effectively reducing the product's list price, making it more competitive in the marketplace, stimulating short-term demand, or creating product awareness. In order to attain any of these objectives, a marketer can choose from a variety of discount and allowance methods. Some of the most commonly used strategies are:

i. Quantity discounts
ii. Cash discounts
iii. Trade discounts
iv. Seasonal discounts
v. Promotional allowances - loss-leader pricing, special-event pricing, cash rebates, low-interest financing, longer payment terms, warranties and service contracts, psychological discounting
vi. Forward dating
vii. Other allowances

a) Quantity Discounts: Here, a marketer reduces the list price based on the number of units purchased. It can be very effective at both the consumer and middleman levels. This type of discount is allowed to buyers who buy in bulk. This discount may again vary with the quantity purchased. A marketer can use two forms of quantity discounts, viz., noncumulative and cumulative. A noncumulative quantity discount applies to the number of units purchased in a single transaction at a single point in time. For example, a "3 for Tk1.00" price is a quantity discount since the buyer will pay Tk0.50 for one unit, but Tk1.00 for three, a savings of Tk0.50. At the middleman level, the marketing executive will use a noncumulative discount.

   Usually, larger purchases allow for economies of scale in both processing the orders and transporting them to the middleman. On the otherhand, the cumulative discount reduces the price based on the number of units purchased within a time. Whether used at the consumer or middleman levels, its purpose is to encourage buyer loyalty to the seller, rather than gain large purchase orders from them. Cash discount is a reduction in the list price based on the buyer's early payment in cash.

b) Cash Discounts: A Cash discount is a reduction in the list price based on the buyer's early payment in cash. Though it is not used extensively at the consumer level, but is a widely adopted practice at the middleman level. Its basic purpose is to stimulate rapid payment and draw in precious cash to the company. It is paid to customers who pay their bills promptly. For example, "5/15, net 30" means a customer has to pay his bill within 30 days, but will get a discount of 5% if he pays within 15 days. The biggest problems in offering cash discounts center on the administrative burdens and potential for abuse. Some of the buyers may take the facility of a discount but not pay within the stipulated time, causing financial trouble for the company.

c) Trade Discounts: Reducing the product's list price to a middleman is called a trade or functional discount. It is offered to the channel members by the manufacturers if they (channel members) perform certain functions such as selling, storing, and record keeping. It may vary from channel member to channel member, depending on the type and magnitude of functions performed by them.

d) Seasonal Discounts: Here, the product's list price is reduced in order to stimulate sales during a particular period. Such a discount may be given to the buyer to induce earlier than necessary purchases of seasonally used products, or to build sales during traditionally off-peak periods. If a buyer buys a manufacturer's product in the off-season, he may be offered a seasonal discount by the manufacturer. This type of discount allows the seller to roll his product around the year, as a result of which he can keep his production going throughout the year.

e) Promotional Allowances: To encourage middlemen to promote or otherwise display a product, a marketer can offer a promotional allowance. If the buyer allows a reduction on the list price to the seller, it can be termed as an allowance. To ensure dealers' participation in advertising and sales support programs, sellers normally offer allowances.

In practice, this allowance can take one of several forms. Some of the commonly practiced ones are discussed below.

1. Loss-Leader Pricing: More legitimate pricing techniques are known as loss-leader selling, whereby the price is set below invoice cost in order to reduce inventory size. To stimulate additional traffic to the store, supermarkets and department stores normally drop the price on well-known brands. Leader pricing, on the otherhand, is merely a reduction from the going price, also intended to reduce inventory.
2. Special-Event Pricing: Special-event pricing involves advertised sales or price cutting to increase revenue or lower costs. To attract more customers, sellers establish special prices in certain seasons, such as the beginning of the month or the beginning of the year. Special event pricing entails coordination of production, scheduling, storage, and physical distribution. Whenever there is a sales lag, a special sales event may be launched.
3. Cash Rebates: To clear their inventories, manufacturers normally offer cash rebates if products are purchased within a specified period. iv. Low-Interest Financing: A company can offer low-interest financing to customers instead of cutting the price of its product, and thus can increase sales. v. Longer Payment Terms: Here, buyers are offered the opportunity to buy the product in installments by paying a higher price for the product.
4. Warranties and Service Contracts: By offering free or a reduced-price warranty or service, a company can promote its sales.

f) Forward Dating: Such discounts are offered to middlemen. The marketing executive will offer the products to the buyer and not charge for the goods until a later date. For example, the product may be shipped to a buyer in December, but he won't be billed until April. The advantage to buyers of this type of price offer is that they can have the products and possibly sell them before having to make the payment. Thus, they do not tie up their funds in inventory. For the company, sales are guaranteed, and production can be scheduled more effectively.

g) Other Allowances: In addition to the above, marketers can also offer some other discounts to their customers. Some of them are discussed here. Rebates are cash refunds for buying the product. They have been very popular at the consumer level. Trade-ins can also be used by the marketing executive to discount the product's list price. It is a price reduction given for used goods when similar new goods are bought. By giving fair market value, or even more on a trade-in, the executive can effectively change the actual price charged to the buyer. Push money (PM) can sometimes be used by the marketer to support the sales of particular products. Push money is funds passed down to retail salesclerks to encourage them to emphasize the company's product instead of their competitors' products.

Discriminatory Pricing

To accommodate differences in customers, products, locations, and so on, a company often modifies its basic price. Price can be discriminated in many ways, which we shall discuss in the following paragraphs:

i. Customer-Segment Pricing: The same product may be sold at different prices to different customer groups, though the production costs are the same. For example, students and freedom fighters may be charged half fare by transport companies.

ii. Product-Form Pricing: A Product of a company may have different versions or sizes. In such a situation, it may charge different prices for different versions or sizes, but not proportionately with respect to the cost of the product.

iii. Image Pricing: Based on image differences, the price of the same product may be fixed at different levels. For example, a particular brand of one liter of soybean oil in a tetra pack may be charged Tk. 45/-, and the same quantity of the same brand in a glass bottle may be charged Tk70/-; thus, the company is trying to develop two different images of the same product.

iv. Location Pricing: Different prices may be charged for the same product sold in different locations (geographic or other), though the cost of offering the product is the same. A cinema hall, for example, charges different prices for front stalls, rear stalls, or other types of seats.

v. Time Pricing: If prices are varied by season, day, or hour, it may be termed as time pricing. Hotels, airlines, public utility companies such as DESA, T&T, etc., normally practice time pricing.

Product-Mix Pricing

The logic of setting or charging a price on an individual product has to be modified when the product is a member of a product mix. Six situations may be distinguished involving product-mix pricing. They are: product-line pricing, optional-feature pricing, captive-product pricing, two-part pricing, byproduct pricing, and product-bundling pricing, which we shall discuss in turn:

i. Product-Line Pricing: If a company maintains a product line instead of a single product, it may set various prices for a single product in the line to develop different images in the minds of the buyer. For example, an electronics company may carry 21-inch color televisions at three price levels. Customers will thus associate three price levels with three types of quality.

ii. Optional Feature Pricing: If a company offers optional products or features along with its main products, it can go for optional-feature pricing. For example, a hotel can charge a low price for accommodation and charge a high price for car rental service being offered by it, since guests require transport service in addition to accommodation facilities.

iii. Captive-Product Pricing: Some products require ancillary or captive products to be used properly, such as batteries for battery-operated toys or films for cameras. Producers of main products may charge high prices for the captive products and warn customers not to use ancillary products manufactured by other companies for guaranteed performance.

iv. Two-Part Pricing: This type of pricing is practiced most by the service firms. They charge a fixed price for the basic service and a variable usage fee for other services. For example, a museum may charge a fixed entry fee and variable fees for seeing different objects or events. Normally fixed fee is charged low rate to encourage purchase of the basic fee, which in turn induces buyers to purchase other services.

v. Byproduct Pricing: Byproducts are sometimes an automatic outcome of the production of certain items, such as petroleum from a paint manufacturing plant. A company can price byproducts low to increase its revenue and support its main operation.

vi. Product-Bundling Pricing: A seller may offer its bundle of products at a reduced price than the individual prices added together. For example, a tool manufacturer may combine a number of tools together and price the bundle low compared to the total price of the individual gadgets. It will induce buyers to buy the bundle instead of buying a particular one or two items, and thus save money.

Initiating Price Changes

In the dynamic market environment, organizations cannot always maintain a stable price level for their products or services. Companies may either reduce or increase prices depending on external pressures, competitive actions, or internal cost structures. Understanding these pricing moves is vital for both managers and customers, as price changes influence brand perception, market share, and profitability.

<u>Price Cuts:</u>A price cut refers to a deliberate reduction in the price of a product or service by a company. Businesses usually adopt price cuts either to attract more customers, defend market share, or counteract aggressive competition. Price cuts can be short-term or long-term strategies. In the short term, they are often used as a competitive weapon to capture market share or to stimulate demand in a stagnant market. Long-term price cuts may indicate operational efficiencies, economies of scale, or new business models (e.g., digital platforms reducing transaction costs).

However, frequent or steep price cuts can be risky. They may lead to a price war where competitors also lower prices, eventually eroding profit margins for the entire industry. Additionally, consumers may start perceiving the brand as "cheap," reducing its value proposition in the long run.

Nagad vs. bKash: In Bangladesh's digital financial services sector, Nagad reduced transaction fees significantly to undercut its main competitor, bKash. For instance, while bKash traditionally charged a higher "cash-out" fee, Nagad introduced lower charges to attract cost-sensitive customers, especially in rural and semi-urban areas. This price cut forced bKash to reconsider its pricing strategy and triggered a more competitive market that benefited customers with lower transaction costs.

Price Increases:A price increase refers to raising the selling price of a product or service, typically in response to increased costs, supply shortages, or high demand.

Price increases are more delicate than price cuts because customers are generally resistant to paying more for the same product. Companies must communicate the reasons for price hikes transparently—such as rising input costs, inflationary pressures, or global supply disruptions—to maintain customer trust.

At times, firms increase prices not only to cover rising costs but also to manage demand. In cases of excessive demand, a price increase can act as a rationing mechanism to balance supply and demand. Premium brands often justify price increases by emphasizing improved quality, added features, or brand prestige.

Edible Oil Price Hikes: In recent years, edible oil prices in Bangladesh have surged due to global price hikes of soybean and palm oil. Import-dependent local companies had to raise prices multiple times within months. Consumers faced higher kitchen budgets, while companies were compelled to explain the increases through media briefings, citing global inflation and higher import costs.

This reflects how external global factors can directly influence domestic pricing strategies.

Responding to Price Changes

Pricing decisions are never made in isolation. In a competitive marketplace, firms must constantly monitor how rivals change their prices and then carefully decide how to respond. An inappropriate or hasty response may lead to loss of customers, reduced profit margins, or even a price war that hurts the entire industry.

1. When Competitors Cut Prices

When a competitor reduces prices, firms must first investigate **why the reduction occurred**: Is it due to overcapacity, a short-term promotional tactic, or a signal of weakening demand? After understanding the motive, firms can respond in several ways.

a) ***Maintain Prices but Highlight Quality:*** Instead of lowering prices, firms reinforce their superior product or service quality, brand equity, or customer value. This strategy works best when customers perceive the product as differentiated or when brand loyalty is strong. Aarong, the leading lifestyle retailer, often maintains higher prices compared to small boutique shops. Instead of reducing prices to match competitors, Aarong highlights its *authentic handcrafts, premium fabrics, and trust in fair-trade practices*. As a result, customers accept the premium because they value brand reputation and product quality.

Competitor Action	Aarong's Response	Customer Outcome
Lower boutique prices	Maintain prices, emphasize craftsmanship, heritage, and authenticity	Retains loyal, quality-conscious customers

b) ***Reduce Prices:*** Matching or undercutting competitors' lower prices to retain market share. This is often done in highly price-sensitive industries where customers make purchase decisions largely on cost. Grameenphone (GP) frequently reduces bundle prices for voice and data packs when Banglalink introduces aggressive discount offers. For instance, GP has introduced competitive "Minute Bundles" and "Internet Packs" to prevent customer migration.

Imagine two telecom operators lowering bundle costs:

GrameenPhone (GP): 100 minutes @ Tk. 65

Banglalink: 100 minutes @ Tk. 60

If GP ignores the cut, price-sensitive customers may switch.

But if GP matches or slightly beats the offer, it protects market share.

2. When Competitors Increase Prices

Sometimes, competitors raise prices because of higher production costs, inflation, or demand pressure. Here too, firms must assess the underlying reason before responding.

a) **Keep Prices Stable to Attract New Customers:** Holding prices constant while competitors raise theirs, thereby attracting price-conscious customers. This strategy increases sales volume and customer base in the short run but may reduce profit margins. When cement companies in Bangladesh (e.g., Shah Cement, Holcim) increased prices due to higher raw material import costs, some smaller companies kept prices unchanged for a certain period. This enabled them to attract construction contractors and small builders looking for cheaper alternatives.

a. Stable-price firms → short-term market share growth 📈

b. Competitors with higher prices → potential customer loss 📉

b) **Raise Prices in Line with Industry Trends:** Increasing prices simultaneously with competitors to maintain profit margins and avoid being perceived as a "cheap" or low-quality option. In industries with standardized products, parallel price increases prevent destructive competition and allow firms to cover rising costs. In 2022–23, edible oil, steel, and cement prices rose due to global supply chain disruptions. Nearly all major companies (e.g., BSRM in steel, Shah Cement in cement) raised their prices in tandem. By doing so, no single firm lost its competitive position, and all were able to safeguard profitability.

Industry	Competitor Price Rise	Firm's Response	Outcome
Cement	Tk. 40 increase/bag	Raised price by Tk. 40	Maintained profitability, no brand erosion

Activity:

Divide students into groups representing firms in Bangladesh's telecom sector.
Group A (Grameenphone): Competitor has slashed prices by 20%. Decide on your strategy.
Group B (Banglalink): Competitor raised prices by 10%. Decide your response.
Group C (Airtel): Decide whether to maintain, reduce, or increase prices in each scenario.
Each group must justify its choice using cost analysis, brand positioning, and customer behavior insights.

Firms must respond wisely to price changes by:

Price adjustments by rivals are unavoidable in a competitive market. Impulsive companies run the danger of harming their long-term posture, profitability, and brand image by either raising prices without cause or drastically cutting them too soon. Therefore, companies must carefully evaluate their response to price changes by competitors.
The three factors listed below are crucial:

1. ***Analyzing the Motive Behind the Competitor's Move:*** Before making any decision, a firm must first understand why a competitor has altered its prices. Not all price changes are driven by the same motive.
   a) Possible Motives for Price Cuts:
      i. Gaining market share aggressively.
      ii. Clearing excess inventory.
      iii. Launching promotional campaigns.
      iv. Financial distress or short-term survival strategy.
   b) Possible Motives for Price Increases:
      i. Rising production or import costs.
      ii. Inflationary pressure.
      iii. Industry-wide adjustment.
      iv. Strategic move to reposition the brand as premium.

   When Nagad reduced its transaction fees below those of bKash, its motive was to rapidly attract new users and build market share. Conversely, when edible oil prices increased in 2022, the motive was external (global supply chain disruption and higher import costs) rather than competitive rivalry.

   A firm should avoid knee-jerk reactions. Instead, it must study whether the competitor's action is sustainable or temporary. For instance, if a competitor's price cut is unsustainable due to weak financial backing, it may be wiser to hold steady rather than follow the cut.

2. ***Considering Customer Behavior (Price-Sensitive vs. Quality-Sensitive):*** Not all customers respond to price changes in the same way. Firms must analyze the price elasticity of demand in their target segment.
   a) Price-Sensitive Customers: These buyers focus primarily on the lowest possible price. They are quick to switch brands if competitors cut prices. Examples include students choosing mobile data bundles from Banglalink over Grameenphone due to cheaper offers.
   b) Quality-Sensitive Customers: These customers value quality, brand reputation, and reliability more than just low prices. For example, Aarong customers in Gulshan may continue to pay premium prices despite cheaper boutique options because of trust in Aarong's quality, authenticity, and brand prestige.

Customer Segment	**Price-Sensitive Behavior**	**Quality-Sensitive Behavior**	**Example in Bangladesh**
Mass Market (rural)	Highly price-sensitive	Low focus on brand loyalty	Local cement buyers in Rangpur
Urban Middle Class	Moderate price-sensitive	Balance quality & price	Daraz shoppers
Affluent Class	Low price-sensitive	Strong brand loyalty	Aarong, Apex Leather customers

A company must avoid blanket responses. Instead, it should evaluate which customer base matters most for its strategy. For a premium brand, protecting brand equity is more important than engaging in price wars.

3. ***Balancing Short-Term Gains with Long-Term Positioning:*** Firms often face a dilemma: Should they lower prices to defend market share or hold their ground to protect long-term profitability?
   a) Short-Term Gains: Price cuts may help a company defend its market share in the short run. For example, Grameenphone introduced bundle packages when Banglalink slashed rates, ensuring it retained customer loyalty.
   b) Long-Term Positioning: However, frequent price cuts can erode brand image and profitability. Customers may begin to perceive the product as cheap rather than valuable. For example, if Aarong continuously reduces prices, it may lose its premium positioning.

In the cement industry, some firms matched competitor price cuts during regional slowdowns. While this protected short-term sales, it also reduced profitability and made recovery difficult when costs rose again.

Firms must align pricing decisions with their strategic positioning:

a) Low-cost providers (e.g., Walton for electronics) may respond aggressively to cuts.
b) Premium providers (e.g., Aarong, Radisson Blu Hotel Dhaka) may instead emphasize quality, service, and exclusivity.

Activity:

Simulation: Pran increases juice prices due to rising raw material costs. Competitors must decide their pricing strategy (cut, maintain, or add value).

Debate: "*Price wars in Bangladesh's telecom sector benefit consumers but harm the industry in the long run*."

Bangladeshi Examples

bKash vs. Nagad: Nagad disrupted the market with lower fees and free services. bKash responded by reducing charges and offering promotions. Consumers benefited, but profitability pressures increased.

Edible Oil Industry:Prices rose due to global supply shocks. The government capped prices, forcing companies to balance cost recovery with compliance.

Discussion Questions

1. What risks do Bangladeshi companies face with prolonged promotional pricing?
2. Should bKash have responded immediately to Nagad's lower pricing, or delayed? Why?
3. How do government-imposed price controls affect company profitability in Bangladesh?
4. Why might a firm choose to maintain prices rather than reduce them when competitors cut prices?
5. How does brand equity influence customer acceptance of higher prices (e.g., Aarong in Bangladesh)?
6. In the telecom industry, how sustainable is continuous price reduction as a competitive strategy?
7. Discuss the risks and benefits of keeping prices stable when competitors increase theirs.
8. Should firms in Bangladesh's cement industry always raise prices in line with competitors? Why or why not?
9. Why is it dangerous for a premium brand like Aarong to engage in frequent price cuts, even when competitors do so?
10. In Bangladesh's mobile telecom industry, how do price-sensitive and quality-sensitive customers differ in their response to bundle offers?
11. If a competitor raises prices due to inflation, should a firm always follow suit? Why or why not?

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Managing Personal Communications

7

Unit Highlights

- Lesson-1: Direct and Interactive Marketing
- Lesson-2: Personal Selling and Sales Force Management

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

Planning marketing program without an understanding of the communication process is very difficult. Marketing is, you know, above all a communication activity. Therefore, a knowledge of the nature of communication can help the marketer to better understand his own organization and a number of marketing problems which he may confront in managing his activities.

Lesson 1: Direct and Interactive Marketing

Objectives of this lesson

After reading this lesson, you will be able to:

- Define and explain the concepts of direct marketing, interactive marketing, personal selling, and word-of-mouth marketing.
- Understand the importance of personal communication in building strong customer relationships.
- Discuss the applications of direct and interactive marketing in Bangladesh's business context.
- Analyze the role of word-of-mouth in influencing consumer purchase decisions.
- Apply knowledge through activities and scenarios related to real-life business practices.

Introduction: The Paradox of Connectivity

We are in a period of unparalleled connection. The expansion of digital platforms—from major entities such as Facebook, X (Twitter), Instagram, and Threads to smaller communication sites like WhatsApp, Viber, Snapchat, and WeChat—has significantly enhanced the marketer's resources. Amidst this digital transformation, a perennial reality persists: the primary objective of marketing communication is not only the dissemination of information, but the effective conveyance of meaning.

We will explore the strategic frameworks behind Direct Marketing, Interactive Marketing, Personal Selling, and Word-of-Mouth Marketing. For each, we will dissect the specific techniques for implementation, the metrics for evaluating success, the contextual circumstances for their application, and a critical analysis of their inherent strengths and weaknesses. Mastery of these channels is essential for building the deep, data-driven customer relationships that define modern competitive advantage, particularly in evolving markets like Bangladesh.

Personal Selling: The Human Touch in a Digital Age

Personal selling is the process of interpersonal communication in which a sales representative identifies the needs of a potential customer, provides customized information, and facilitates a mutually beneficial exchange. The primary objectives of personal selling are to make an immediate sale and, more importantly, to establish a foundation for a long-term, trusting relationship.

Personal selling is a dynamic, two-way dialogue, in contrast to inert advertising. Its effectiveness is derived from its adaptability; a proficient salesperson can read a customer's verbal and non-verbal signals, address specific objections, and customize their presentation in real-time. This is especially important for high-involvement products and services, which are complex, costly, or involved in significant social or financial risk (e.g., real estate, banking products, insurance policies, vehicles, and B2B software).

The relational aspect of personal selling is of the utmost importance in the Bangladeshi context, where business and community frequently intersect. The transaction is not the conclusion; rather, it is the commencement of a relationship that has the potential to generate valuable referrals and recurrent business.

The practice of personal selling is centuries old. Nevertheless, today's successful salespeople possess more than just instinct. Companies currently allocate hundreds of millions of dollars annually to train employees in customer management and analysis techniques, as well as to transition them from passive order processors to active order getters. Reps are instructed in the SPIN method, which involves posing prospects with a variety of inquiries to establish enduring relationships:

***Situational questions*—**These inquiries inquire about the buyer's current circumstances or inquire about facts. For instance, "What billing system are you employing to issue invoices to your clients?"

***Problem questions*—**These inquiries pertain to the buyer's dissatisfactions, challenges, and issues. For instance, "What components of the system generate errors?" ***Implication questions*—**These inquiries inquire about the repercussions or repercussions of a buyer's issues, challenges, or dissatisfactions. For instance, "What is the impact of this issue on the productivity of your employees?"

***Need-payoff questions*—**These inquiries inquire about the value or practicality of a proposed solution. For instance, "What would be the savings if our organization could assist you in reducing errors by 80%?"

The primary stages in any effective sales process are generally agreed upon by the majority of sales training programs. These procedures are illustrated in Figure 8-1, and we will proceed to examine their relevance to industrial sales. Please be advised that the implementation of these sales strategies may differ across various regions of the globe.

Techniques and Execution

Personal selling is not a single act but a process, most commonly following these stages:

1. **Prospecting and Qualifying:** Identifying potential customers, i.e., *prospects*, and assessing their need, purchasing power, and authority to buy.
2. **Pre-approach:** Researching the prospect and planning the sales call strategy.
3. **Approach:** Making initial contact to make a favorable impression and build rapport.
4. **Presentation and Demonstration:** Engaging the customer by presenting benefits, not just features, often using the **AIDA model** (Attention, Interest, Desire, Action) to structure the narrative.
5. **Overcoming Objections:** Seeking out, clarifying, and overcoming customer reservations.
6. **Closing:** Asking for the order and finalizing the sale.
7. **Follow-up and Maintenance:** Ensuring customer satisfaction, resolving issues, and maintaining the relationship for future business.

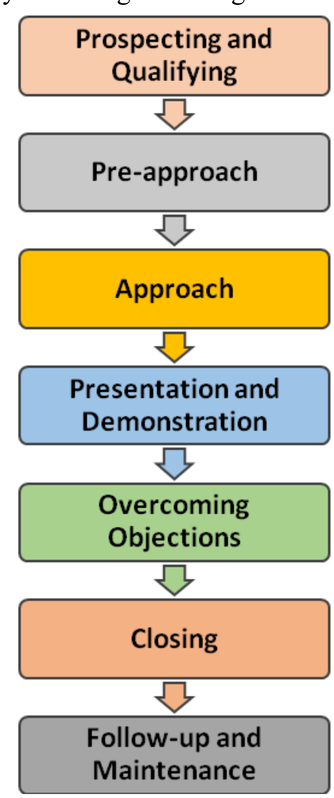


Figure 7-0-7 Major Steps in Effective Selling
Source: Kotler et al., (2022)

When to Use

Although the world has progressed to therigorous use of artificial intelligence, in some instances, personal selling appears to be a more viable sales technique than any other mechanized or other tactic. Let us have a look at where it can come in handy:

a. **Product Complexity:** For technically complex products, requiring customization, or having a high-value personal selling approach is a better avenue to score the sales. The fields include industrial machinery, enterprise software, and luxury automobiles.

b. **High Financial Risk:** For purchases involving significant investment or long-term contracts, personal selling is considered to achieve better results than digital or online sales campaigns. Some of the fields covered are real estate, B2B services, and insurance policies.

c. **Concentrated Markets:** When the number of potential buyers is small, but each account is highly valuable, personal selling is thought to perform better than the rest of the sales techniques.

Measures of Effectiveness

For measuring the effectiveness of personal selling, the following methods are quite popular:

i. Conversion Rate: Percentage of prospects converted to customers.
ii. Average Order Value (AOV): Revenue generated per sales transaction.
iii. Sales Cycle Length: Time from first contact to closed sale.
iv. Customer Lifetime Value (CLV): Total revenue expected from a single customer account.
v. Customer Retention Rate: Percentage of customers retained over a specific period.

Consider a BRAC Bank Relationship Manager who visits the proprietor of a small or medium enterprise (SME). The manager conducts an analysis of the business's cash flow, growth plans, and specific challenges, as opposed to delivering a generic proposal. The subsequent conversation is a consultative dialogue that provides a customized loan bundle or a tailored cash management solution. This direct interaction addresses immediate requirements and establishes the trust that is essential for an enduring banking relationship.

A Two-Way Digital Dialogue: Direct and Interactive Marketing

In the realm of marketing, the debate between "Direct Marketing" and "Indirect Marketing" is a critical one that businesses should employ to accomplish their marketing objectives. Although both strategies are essential, they serve distinct objectives and can have a substantial influence on the expansion of your brand. It is imperative to be aware of the appropriate time to implement each approach to optimize outcomes, regardless of whether the objective is to establish enduring consumer relationships or generate immediate conversions. It is imperative to differentiate between these two interrelated concepts.

Direct Marketing

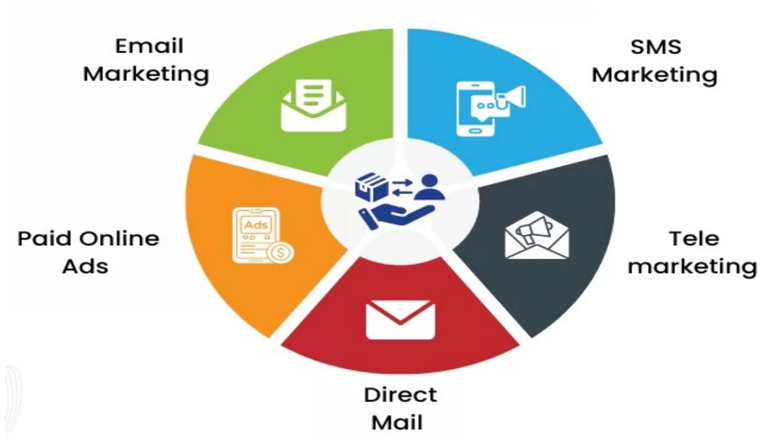
Direct marketing is a communication and distribution strategy that aims to induce a measurable response, transaction, or action from a precisely targeted consumer. It communicates directly with the consumer through a variety of channels, such as targeted email campaigns, SMS marketing, direct mail, and catalogues, bypassing intermediaries. Its primary objective is to yield an immediate and direct response.

Five Popular Channels of Direct Marketing

1. ***Email Marketing:*** Email marketing entails delivering tailored communications straight to customers' inboxes. This channel enables organizations to target specific audiences with targeted offers, promotions, newsletters, and updates. It is effective because it is instantaneous, quantifiable, and can be programmed for various client groups. E-commerce shops, for example, frequently employ email marketing to remind customers about abandoned carts or to promote products.

2. ***SMS Marketing:*** SMS marketing involves sending promotional messages or notifications straight to a consumer's mobile phone via text.

Figure 7-0-8 Five Popular Channels of Direct Marketing



Source: Kotler et al., (2022)

This direct and quick mode of communication has a high open rate and is great for time-sensitive offers, event reminders, and personalized promotions. Retailers and food delivery services frequently utilize SMS marketing to promote flash specials or discount coupons.

3. ***Telemarketing:*** Telemarketing is the process of contacting potential clients over the phone. This strategy enables firms to communicate directly with their target audience, answer queries, and deliver targeted sales pitches. Financial services, telecoms, and insurance industries frequently utilize telemarketing to generate leads or follow up on existing ones.
4. ***Direct mail:*** Direct mail is the process of delivering tangible promotional materials, like as postcards, brochures, catalogs, or letters, directly to clients' mailboxes. While it may appear outdated, direct mail is useful for targeting local demographics and providing a real means to contact customers. Direct mail is used by real estate agents, furniture retailers, and nonprofit organizations to promote new listings, product launches, and fundraising efforts.
5. ***Paid online ads that target specific demographics:*** Paid internet advertisements, such as Google advertisements, Facebook Ads, and Instagram Ads, enable businesses to target particular demographics based on age, geography, interests, and activity. These advertisements target a specific demographic and try to elicit rapid action (such as clicks, sign-ups, or sales). For example, an online clothing retailer may conduct sponsored advertisements targeting young individuals interested in fashion.

Advantages of Direct Marketing

1. *Personalized Communication:* One of the advantages of direct marketing is that it enables highly customized communications that are suited to the demands of particular consumers.
2. ***Measurable Results:*** Campaigns using direct marketing are simple to monitor and offer concise information on performance indicators such as clicks, conversions, and open rates.

3. ***Immediate Impact:*** The objective is frequently to stimulate prompt action, such as a purchase or registration.

Rokomari.com – Personalized email campaigns: When Rokomari.com uses personalized email marketing, they send customers specific suggestions based on what they've bought, searched for, or have in their cart. In their emails, they often send unique deals, discounts that are only good for a short time, and product ideas that get people to buy right away.
Domino's – Text Message Marketing: Domino's uses SMS marketing to send deals and offers right away. During busy times, they send customized SMS texts with discount codes or special deals to get people to order right away.

When to Use Direct Marketing

The best use cases of direct marketing: Direct marketing is most effective when you require immediate action or are targeting a specific group with a compelling offer.

Direct Marketing is especially useful for:

i. Limited-time promotions
ii. Product launches
iii. Followup with inactive customers

Industries that benefit most from Direct Marketing are:

i. E-commerce brands that need to convert leads into sales.
ii. Subscription services are looking to onboard new users.
iii. Event organizers promote upcoming events to potential attendees.

Indirect Marketing

Interactive Marketing is a term that denotes the dialogue's inherent nature, which is typically facilitated by digital technology. It is distinguished by the two-way, real-time, or near-real-time communication between a brand and a consumer. The consumer is an active participant who clicks, comments, shares, enjoys, and provides feedback, rather than a passive recipient.

Modern direct marketing frequently utilizes interactive marketing as its execution motor. The most effective venues for this interaction are digital platforms, as they reduce the barriers to engagement. Businesses derive immense value from this approach, which extends beyond one-way promotion to encompass customer engagement, relationship development, and even value co-creation. In this latter scenario, customer feedback directly influences product development and service enhancements.

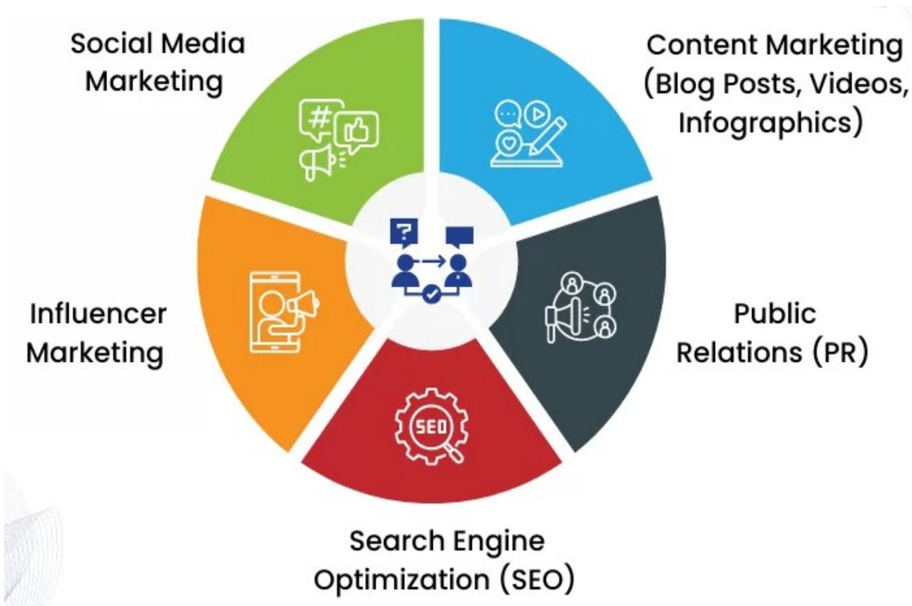
Five Popular Channels of Indirect Marketing

1. ***Marketing on social media:*** Social media marketing uses sites like Facebook, Instagram, Twitter, LinkedIn, and TikTok to get people to know about a brand, interact with fans, and build relationships with people who might become buyers. Sharing information, interacting with users, and building a community around the business are more important than straight sales here. Lifestyle brands, influencers, and companies that want to build a loyal following need to use this kind of marketing.
2. ***Content marketing (wiki pages, videos, and infographics):*** Material marketing means making and sharing useful, consistent, and valuable material to draw and keep the attention of a clearly defined audience. Blog posts, movies, images, podcasts, and eBooks are all common types of content marketing. The point is to help people by giving them useful information that fixes their problems without directly selling them something. This method is often used by B2B companies, SaaS providers, and tools for learning.
3. ***Press and public relations:*** Managing a brand's image and making connections with the public, the media, and other important people is what public relations is all about. PR doesn't directly promote products; instead, it focuses on getting good press, handling

disasters, and building goodwill through events, donations, or community service. PR helps businesses build trust and reputation without trying to make sales right away. For instance, a tech company might send out news releases about new products, or a charity might get media attention for its cause.

4. ***Optimization for Search Engines (SEO):*** SEO is the process of making changes to a

Figure 7-0-9 Five Popular Channels of Indirect Marketing



Source: Kotler et al., (2022)

website so that it shows up higher in search results for related questions. The goal is to get free traffic from people who are looking for information about the goods or services of the business. Some SEO tactics are phrase optimization, building backlinks, making websites faster, and writing great content. SEO helps brands get more attention and attract new customers over time. For instance, a law company might make its website rank higher for terms like "best personal injury lawyer" to bring in people who need legal help.

5. ***Marketing Through Influencers:*** Social media users with large, active followings are used in influencer marketing to spread the word about a brand's goods or services. Instead of standard ads, influencers make real content about the brand and share it with the people who follow them. This helps people accept and believe in the company in a roundabout way. In the fashion, beauty, health, and lifestyle industries, where people accept the influencer's advice, influencer marketing is popular.

Advantages of Indirect Marketing

1. ***Brand Loyalty:*** Indirect marketing helps build brand loyalty by creating important exchanges that aren't too focused on sales.
2. ***Long-Term Value:*** Instead of trying to get quick sales, it's best to use it to build long-lasting relationships that pay off over time.
3. ***Non-intrusive:*** People are more likely to interact with a brand if the material is useful without asking them to do something right away.

*Foodpanda – incorporation with indirect media vehicles:*This amalgamation is illustrated by Foodpanda Bangladesh. The mobile application, which serves as a direct marketing channel, transmits push notifications that provide users with customized restaurant recommendations that are determined by their order history. This approach is both data-driven and direct. The interactive component of the application is the user's capacity to assess orders, compose detailed evaluations, and interact with customer service in real-time. This feedback channel guarantees ongoing enhancements and fosters a sense of inclusion among customers, thereby elevating a straightforward transaction into an interactive experience.

Coca-Cola – Marketing using Social Media: The "Share a Coke" campaign, which allows consumers to create unique bottles and then share them on social media, exemplifies Coca-Cola's indirect marketing strategy. Customers were engaged, and brand loyalty was built through this tactic, which promoted the brand without making a blatant sales push.

Best Use Cases of Indirect Marketing

Indirect marketing shines when your goal is to build trust, create brand awareness, or engage your audience over time.

Indirect marketing is ideal for:

i. Nurturing potential customers who aren't ready to make a purchase immediately.
ii. Establishing thought leadership through valuable content.
iii. Building a social media presence and engaging your audience with informative or entertaining posts.

Situations where Indirect Marketing outperforms:

Indirect marketing works best for industries where decision-making processes take longer, such as B2B services, luxury goods, or high-investment products like real estate or automotive sales. Indirect marketing helps keep your brand top-of-mind until the customer is ready to purchase.

Differentiating between Direct and Indirect Marketing

The following table provides a list of the top six distinctions between direct and indirect marketing:

Aspect	**Direct Marketing**	**Indirect Marketing**
Goal	Drive immediate response or action (purchase, sign-up)	Build long-term brand awareness and customer relationships
Audience Interaction	One-on-one, personalized communication	Broader, less direct communication
Channels	Email, SMS, direct mail, telemarketing, paid ads	Social media, SEO, content marketing, PR, influencer marketing
Measurement	Easy to track with specific metrics (clicks, opens, conversions)	More difficult to measure the immediate impact; long-term metrics like engagement and brand sentiment are used.
Response Time	Immediate, often aiming for real-time action	Long-term relationship-building, with conversions occurring over time
Cost	Typically, higher due to targeted ads and personalized content	Can be lower, especially with organic methods like SEO or social

Combining Direct Marketing and Indirect Marketing for Maximum ROI

The best marketing strategies often use a combination of both direct and indirect marketing approaches. While direct marketing drives immediate action, indirect marketing fosters relationships that result in long-term customer loyalty.

How to Create a Balanced Strategy

i. Use direct marketing to push limited-time offers or promotions to leads who are ready to convert.

ii. Leverage indirect marketing for broader audience engagement through educational content, social media, and SEO to drive organic traffic.

iii. Combine both approaches by using indirect marketing to attract leads and direct marketing to nurture and convert those leads into customers.

Final Thoughts on Direct Marketing vs Indirect Marketing

Selecting between direct and indirect marketing relies on your business objectives, intended audience, and financial resources. Direct marketing is perfect for quick outcomes and specific campaigns, whereas indirect marketing aims at fostering lasting brand recognition and customer connections. To achieve the best outcomes, companies should strive to develop a well-rounded marketing strategy that harnesses the advantages of both methods.

By recognizing the distinct benefits of each approach, you can leverage your marketing strategies to achieve both immediate and sustained success.

Word-of-Mouth Marketing: The Most Ancient and Reliable Channel

Word-of-mouth marketing (WOMM) is the intentional enhancement and promotion of natural, interpersonal communication regarding a product, service, brand, or concept. It is the discipline of fostering constructive dialogues and developing "talkable" brand attributes. Word-of-mouth marketing (WOMM) is perhaps the most powerful marketing instrument since it capitalizes on established trust. Consumers exhibit intrinsic skepticism towards commercial communications while placing significant trust in the impartial endorsements of friends, family, and peers. This results from the apparent lack of commercial self-interest.

In a collectivist country such as Bangladesh, where communal and familial bonds are robust, the impact of word-of-mouth is significantly amplified. Choices concerning educational establishments (e.g., coaching centers), healthcare providers, fashion stores, and telecoms are significantly shaped by social proof and community validation.

Many people think that most word of mouth happens online, but that's not true. Actually, *Keller Fay*, a research and consultancy firm, observes that 90% of transactions take place offline, with 75% of them taking place in person and 15% over the phone. Advertising and word-of-mouth (WOM) go hand in hand, says Keller Fay: "WOM has proven to be highly credible and linked to sales; advertising has proven to help spark conversation." Some people talk about how well offline word of mouth works with social media. People "begin conversations in one channel, carry them on in another, and end them in a third." It's hard to tell the difference between online and offline conversation when it happens through so many platforms.

Viral marketing is a type of online word of mouth, or "word of mouse," that motivates consumers to disseminate company-developed products and services, as well as audio, video, or written content, to others on the internet. Consumers and advertisers can upload advertisements and videos to be shared by millions of individuals on user-generated content platforms like Facebook, TikTok, and YouTube. For instance, the Foodi app in Bangladesh has demonstrated that online videos can be a cost-effective method of reaching a broad audience, and marketers can exercise greater autonomy with them.

Foodi

Bangladesh has several food and shopping delivery alternatives to Foodpanda. HungryNaki focuses on food and goods, whereas Pathao offers food and other services. Foodi, part of the US Bangla group, and local or restaurant-specific delivery are further alternatives. In 2022, US Bangla Group founded Foodi Express Limited, a leading participant in aviation, real estate, e-commerce, fashion, technology, education, logistics, and courier services. Popular Bangladeshi food delivery service Foodi has used viral marketing to develop its reputation. Foodi stood out in the competitive meal delivery business by concentrating on user interaction and providing unique content for its target demographic. The company's unique and amusing web films became viral on Bangladesh's famous TikTok and Facebook.

A young man named "FoodiFiroz," who is usually in a funny haste to get his meal served, appears in the videos. These films capitalize on the frustration and enthusiasm of customers waiting for dinner in a fun way. One of the most popular clips shows "FoodiFiroz" waiting patiently by his front door for the delivery rider and dancing in celebration. Users generated several parodies and imitations of the footage, set to a famous local song, which garnered millions of views and was widely circulated. The expression "KhudhaNai, FoodiAse!" became famous. The Foodi app became a household name in urban Bangladesh due to the campaign's brand familiarity and positive, enjoyable connotation.

The Enduring Power of Word-of-Mouth

In the dynamic landscape of modern marketing, the voice of the customer remains the most influential and trusted source of information. **Word-of-mouth (WOM)** marketing is the process by which consumers share information about a product, service, or company with others in their social circles. Unlike a marketer's carefully crafted message, WOM is perceived as non-commercial, unbiased, and highly credible. For this reason, it often carries significantly more weight than traditional advertising, serving as a powerful, and usually uncontrollable, force in shaping consumer behavior.

The Core Concept of Word-of-Mouth

The fundamental premise of WOM marketing is that a consumer's experience, whether positive or negative, becomes a story to be told. This narrative is then voluntarily shared with friends, family, and colleagues, forming a communication channel built on trust and personal relationships.

We can categorize WOM into two primary forms:

1. **Organic Word-of-Mouth:** This occurs naturally when a customer has a genuinely positive experience and is so satisfied that they feel compelled to share it with others. Organic WOM is the most valuable and powerful form because it is authentic and spontaneous. It is the direct result of a marketer’s success in delivering exceptional value and a remarkable customer experience.
2. **Amplified Word-of-Mouth:** This is the result of a deliberate marketing campaign designed to encourage or accelerate conversations about a brand. It involves a marketer's proactive efforts to create content, engage opinion leaders, or provide platforms that facilitate easy sharing of opinions and experiences by consumers. While the firm initiates amplified WOM, its success still hinges on its ability to offer value that is worth talking about.

The Mechanism of Influence

The power of WOM can be attributed to several key mechanisms:

1. **Trust and Credibility:** Consumers trust the opinions of people they know far more than the messages from a brand itself. This is particularly true in an age of media saturation, where consumers have become adept at filtering out promotional content. A recommendation from a friend acts as a trusted endorsement, bypassing typical consumer skepticism.
2. **The Power of Emotional Connection:** WOM is often driven by strong emotions—whether it is delight from an outstanding product or frustration from a poor service experience. These emotional stories are more memorable and compelling than factual

marketing claims, making them more likely to be shared and have a greater influence on others.

3. **The Role of Opinion Leaders:** Within any social network, some individuals serve as **opinion leaders** or **influencers**. These individuals are highly knowledgeable, often charismatic, and trusted by their peers. They act as hubs of information, and their recommendations can accelerate the spread of WOM exponentially. Marketers who can identify and engage with these individuals can effectively amplify their messages.

Fostering and Managing Word-of-Mouth

While WOM may seem unpredictable, savvy marketers can proactively work to facilitate and guide it. The strategic approach to WOM is not to control the conversation, but to create the conditions under which positive conversations can flourish. Key strategies include:

i. **Create Remarkable Products and Services:** The most fundamental driver of positive WOM is a product that is so exceptional it becomes a talking point. It must not only meet customer needs but also exceed their expectations memorably.

ii. **Leverage Digital Platforms:** The internet has supercharged WOM. Digital channels, such as social media (e.g., Facebook, X, Instagram), online review sites (e.g., Yelp, TripAdvisor), and forums, provide a public and persistent platform for consumers to share their experiences. Marketers must actively monitor these channels, engage in conversations, and respond to both positive and negative feedback.

iii. **Identify and Engage Influencers:** By partnering with authentic opinion leaders, brands can introduce their products to an already predisposed audience. This goes beyond simple celebrity endorsements; it involves building genuine relationships with individuals who are passionate about the brand's category.

iv. **Provide Unforgettable Customer Service:** When something goes wrong, a brand's response can turn a potential negative WOM situation into a powerful positive one. By resolving issues quickly and effectively, a company demonstrates its commitment to the customer, which can generate as much goodwill as an excellent product.

v. **Ignite Conversation with Strategic Campaigns:** Amplified WOM can be achieved through clever, often unconventional marketing campaigns that are designed to generate buzz. Campaigns like Blendtec's "Will It Blend?" videos or the Ice Bucket Challenge are examples of how marketers can create content so engaging that consumers feel an urge to share it themselves.

Word-of-Mouth marketing, in both its traditional and digital forms, is not merely a component of a brand's strategy—it is a cornerstone of it. While it lacks the direct control of advertising, its power is rooted in its inherent credibility and trust. The savvy marketer understands that their primary role is to create a product and an experience so compelling that customers become their most enthusiastic and effective advocates. By actively listening, engaging, and fostering an environment of excellence, marketers can transform WOM from a passive outcome into a central driver of growth and brand equity.

Activity:

You are a marketing manager of a local electronics brand in Bangladesh, launching a new smartphone. How will you use personal selling, direct marketing, interactive marketing, and word of mouth to promote the product?

Prepare a mock SMS promotion for a clothing brand targeting Eid-ul-Fitr shoppers.

Divide students into groups. One group acts as salespeople for an insurance company, the other group acts as potential customers. Practice how personal selling helps address customer objections.

Summary

One-on-one, trust-based relationships are formed via the process of personal selling. Through the use of technology, direct marketing is able to reach clients directly, bypassing any intermediaries. Interactional marketing promotes interaction in both directions, particularly through the use of internet platforms. However, word of mouth continues to be the most reliable communication channel when it comes to influencing the behavior of consumers.

Discussion Questions

1. Why is personal selling still important in the digital age? Give examples from Bangladesh.
2. Differentiate between direct marketing and interactive marketing with suitable examples.
3. How can Bangladeshi businesses encourage positive word-of-mouth marketing?
4. Which marketing method—direct, interactive, or word of mouth—would be most effective for a new restaurant in Dhaka? Why?

Lesson 2: Personal Selling and Sales Force Management

Objectives of this lesson

After reading this lesson, you will be able to:

- Explain the role and importance of personal selling within a company's marketing mix.
- Analyze the key decisions involved in designing an effective sales force, including its structure, size, and compensation model.
- Describe the essential management tasks required to recruit, train, motivate, and evaluate a sales team.
- Outline the step-by-step personal selling process and apply its principles to a real-world scenario.

Introduction

In the modern marketing mix, personal selling stands as a uniquely powerful promotional tool. Unlike mass advertising that casts a wide net, personal selling involves a direct, face-to-face interaction between a company representative and a potential customer. This human connection enables a more tailored message, facilitates the building of long-term relationships, and provides the opportunity to resolve customer concerns in real-time. For products that are complex, high-value, or require a high degree of customer trust—such as industrial equipment, financial services, or real estate—personal selling is not just an option; it is a strategic imperative. This chapter examines the fundamental principles of personal selling, the strategic design and management of an effective sales force, and the key steps of the sales process.

The Evolution of Personal Selling

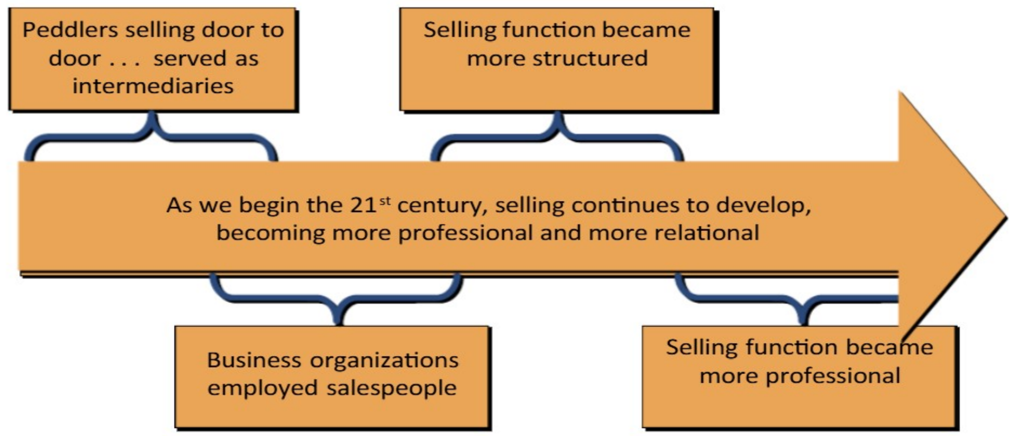
Personal selling is an effective method for engaging and persuading customers. It can serve as the most effective instrument in your repertoire to facilitate increased deal closures and foster more robust customer connections. It involves comprehending individuals' desires and subsequently articulating the value of your product or service concerning their particular requirements. The first methods of marketing likely involved personal selling, characterized by direct face-to-face communication between individuals. Historically, novel sales strategies have developed targeting the general populace. This tutorial will elucidate personal selling in further detail, including its application as a mechanism for business growth.

The history of personal selling reflects the broader changes in the economy and business philosophy. The salesperson's role has shifted from a simple purveyor of goods to a complex and strategic business partner. Peddlers who sold things door-to-door were like middlemen. The role of selling became more highly regimented.

The Revolutionary War and depressions in the 1800s, 1900s, and 2000s paved the way for more systematic, customized selling approaches. During the Industrial Revolution Post-Industrial Revolution, with the advent of better technology, more customers, and increasing demands, firms tried to engage more salesmen in their operations. The function of selling gradually grew more professional. From the beginning of the 21st century onward, the process of selling is continuously evolving, becoming more professional and more relational.

a. **19th Century: Order-Taking and Hard-Selling.** In the pre-mass production era, salespeople were primarily ***order-takers***, simply recording customers' needs. With the rise of the Industrial Revolution, the focus shifted to moving large volumes of manufactured goods. Salespeople became aggressive ***hard-sellers*****,** employing high-pressure tactics to

Figure 7-0-1 Evolution of Personal Selling



Source: Kotler et al., (2022)

push products onto consumers, often with little regard for their needs. The focus was on the product, not the person.

b. **Mid-20th Century: The Consultative Approach.** With the advent of the marketing concept, businesses began to focus on satisfying customer needs. Personal selling evolved into a more ***consultative*** approach. The salesperson's job was to act as a problem-solver, understanding the customer's problems and offering the right product as a solution. This marked a fundamental shift from a product-oriented to a customer-oriented mindset.

c. **Late 20th and 21st Century: The Relationship-Driven Approach.** In the digital age, with information readily available to consumers, the role of the salesperson has transformed once again. The modern salesperson is a ***trusted advisor*** and ***relationship builder***. They leverage technology (like CRM and social media) to provide valuable insights, solve complex problems, and foster long-term partnerships. The goal is not just a single sale, but a lifetime of customer value.

Designing the Sales Force

A company's sales force is more than just a group of individuals selling products; it is a critical link between the firm and its customers. The strategic design of this force is a vital management function.

1. Sales Force Objectives

The first step is to define clear objectives. A sales force may be tasked with one or more of the following:

a. ***Order Takers:*** Salespeople who handle inbound inquiries and process orders.

b. ***Order Getters:*** Salespeople who proactively seek out new customers and persuade them to buy.

c. ***Missionary Salespeople:*** Salespeople who build goodwill or educate the customer but do not directly close a sale. This is common in the pharmaceutical industry, where representatives visit doctors to promote a drug, but sales are made through distributors.

d. ***Service Salespeople:*** Individuals who provide technical support, training, or after-sales service to ensure customer satisfaction.

2. Sales Force Strategy: Structure, Size, and Compensation

The structure of the sales force should be based on the product, market, and customer base. There are three common structures:

a. ***Territorial Structure:*** Each salesperson is assigned to an exclusive geographic territory. This is simple to manage and minimizes travel costs.

b. ***Product Structure:*** Salespeople specialize in selling only a portion of the company's products. This approach is efficient for companies with a diverse range of complex or unrelated products.

c. ***Customer Structure:*** Salespeople specialize in selling to a specific customer type or industry (e.g., a team dedicated to institutional sales vs. retail sales).

In Bangladesh, a large FMCG company like ***Unilever Bangladesh*** may use a hybrid structure. Their sales force might be organized territorially to cover different districts. Still, within those territories, specialized teams might handle specific channels, such as modern trade (supermarkets) versus traditional trade (local groceries or *'mudi' shops*). The size of the sales force depends on the number of customers to be reached, the frequency of calls, and the average number of calls a salesperson can make per day.

Compensation is a critical motivator and must be structured to attract, retain, and motivate top talent. It typically includes a mix of:

i. ***Fixed Amount:*** A salary that provides a stable income.
ii. ***Variable Amount:*** Commissions or bonuses based on sales performance.
iii. ***Fringe Benefits:*** Health insurance, retirement plans, etc.

Managing the Sales Force

Effective management transforms a sales force from a collection of individuals into a high-performing team.

1. Recruiting and Selecting Salespeople

A successful salesperson possesses more than just a charismatic personality. Key traits include:

a. ***Problem-solving Skills:*** The ability to understand a customer's needs and provide a solution.
b. ***Adaptability:*** The capacity to adjust their pitch and approach based on the customer.
c. ***Resilience:*** The ability to handle rejection and remain motivated.

Companies employ various selection methods, including resume reviews, interviews, and skills assessments.

Illustration 1: Qualities of a Good Sales Person

2. Training Salespeople

New salespeople require comprehensive training that covers three main areas:

i. ***Product/Service Knowledge:*** A deep understanding of what they are selling.
ii. ***Selling Techniques:*** The art of persuasion, negotiation, and handling objections.
iii. ***Company Culture and Policies:*** Understanding the brand's values and operating procedures.

3. Motivating and Supervising Salespeople

A manager's role is to supervise for effectiveness and motivate for higher performance.

a. ***Supervision:*** This includes directing salespeople (e.g., helping them manage their time and prioritize calls) and monitoring their performance to ensure effective results. Modern tools, such as Customer Relationship Management (CRM) software, are invaluable in this context.

b. ***Motivation:*** Besides compensation, motivation can be derived from positive reinforcement, public recognition, contests, and sales rallies. In Bangladesh, companies like Grameenphone utilize a combination of fixed commissions and performance-based incentives for their sales agents, complemented by recognition programs and career development opportunities to maintain their high motivation in a competitive market.

4. Evaluating Salespeople

Performance should be measured against clear standards. Common metrics include:

- *Quantitative Measures:* Sales volume in Taka, number of new customers, number of calls made, and profitability of sales.
- *Qualitative Measures:* Customer satisfaction ratings, teamwork, and product knowledge.

Source: Aswin S. S. (2021)

Illustration 2: Must-have Skills of a Sales Person,

The Principles of Personal Selling: The Selling Process

The selling process is a series of steps that a salesperson follows to achieve a sale and build a lasting relationship. Although this process has been discussed in the previous lesson, here is a recap for your revision:

i. **Prospecting and Qualifying:** This involves searching for potential customers or **prospects**. A salesperson must then qualify these prospects to ensure they have the necessary authority, budget, and a genuine need for the product. In the context of Bangladesh, a salesperson for a B2B software company might prospect for clients by attending industry conferences in Dhaka or through professional networking platforms, such as LinkedIn, focusing on companies in the ready-made garment sector.

ii. **Pre-approach:** Before making the first contact, the salesperson must do their homework. This involves researching the prospect's company, its needs, its key decision-makers, and its existing solutions. This allows the salesperson to tailor their approach and demonstrate genuine interest.

iii. **Approach:** The approach is the first physical interaction. It's about making a positive impression and setting the stage for the sale. This includes the salesperson's appearance, opening lines, and ability to build initial rapport.

iv. **Presentation and Demonstration:** This is where the salesperson tells the "value story" of the product. It's not just about listing features but about explaining how the product solves the customer's specific problems. A real estate salesperson in Dhaka, for example, would not just discuss the size of an apartment, but would also demonstrate how its layout accommodates a family's lifestyle and how its location offers convenience to schools and workplaces.

v. **Handling Objections:** Objections are a natural part of the sales process. They often signal that the customer is interested but has lingering concerns. A skilled salesperson anticipates objections and treats them as opportunities to provide more information and reassurance.

vi. **Closing:** This is the most critical step—asking for the order. A salesperson can employ various closing techniques, but the most effective approach is to be confident, respectful, and prepared to guide the customer to a decision.

vii. **Follow-up:** The sale does not end with the purchase. The follow-up is crucial for ensuring customer satisfaction and building a foundation for a long-term relationship and repeat business. This can include checking on product delivery, providing support, and gathering feedback.

Personal selling, when executed strategically, is a cornerstone of a firm's marketing strategy. By designing a well-structured sales force, managing it with clear objectives and motivation, and training its members in the art of the selling process, a company can transform its customer interactions into a powerful source of competitive advantage. It is the human element that builds trust, drives loyalty, and ultimately, fuels sustainable business growth.

Summary

Personal selling is a critical marketing function that relies on direct, interpersonal communication to build relationships and drive sales. The chapter begins by examining the strategic design of the sales force, a process that requires defining objectives (e.g., order taking, order getting), structuring the team (territorial, product, or customer-based), and designing a motivational compensation plan. Effective sales force management is then detailed, covering the crucial tasks of recruiting and selecting the right talent, providing comprehensive training on product knowledge and selling techniques, and using both supervision and motivation to enhance performance. Finally, the chapter presents the seven-step selling process—prospecting, pre-approach, approach, presentation, handling objections, closing, and follow-up—as a principled guide for salespeople to navigate customer interactions from initial contact to long-term relationship building.

Discussion Questions

1. Consider a small startup in Bangladesh that sells custom-made furniture. How would you design its sales force? What type of sales force structure and compensation plan would be most effective?
2. Imagine you are a sales manager for a local electronics retailer in Dhaka. A new salesperson struggles to handle customer objections. What specific training techniques would you implement to help them improve?
3. Discuss the role of technology, such as Customer Relationship Management (CRM) software, in managing a modern sales force. How has it changed the way salespeople prospect, manage, and follow up with customers?
4. Why is the "Follow-up" stage of the personal selling process just as important as the "Closing" stage, particularly for businesses seeking to build long-term customer relationships?

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Introducing New Market Offerings

8

Unit Highlights

- Lesson-1: New-Product Development Strategy: Paving the Path for Innovation
- Lesson-2: The New-Product Development Process and Consumer Adoption.

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

Although success rates for new products haven't improved over the past couple of decades, marketers are banking on them more than ever for future growth. Developing new products continues to be of paramount importance to many companies even though the costs and risks are very high. The process used to create new products and ultimately introduce them in the marketplace is described in this unit. An attempt will also be taken to familiarize you with the product adoption process.

Lesson 1: New-Product Development Strategy: Paving the Path for Innovation

Objectives of this lesson

After reading this lesson, you will be able to:

- Classify different types of new products and understand their respective risk and reward profiles.
- Analyze the major challenges and common reasons for new product failure, and propose strategic responses.
- Evaluate various organizational arrangements and determine which is most suitable for different companies to manage new-product development.
- Recognize how strategic foresight and organizational structure can significantly impact a product's success.

Introduction

In a world defined by rapid change and intense competition, a company's ability to innovate is the cornerstone of its long-term survival and success. Stagnation is a silent killer, and for a brand to remain relevant, it must consistently renew its offerings. This chapter delves into the strategic front-end of innovation: the strategic options for new products, the inherent challenges in their development, and the organizational arrangements that a company can establish to foster a culture of creativity and efficiency. A well-defined strategy is the compass that guides the new-product journey from a mere idea to a market-leading reality.

New-Product Options and Strategic Categories

The term "new product" is a broad one and can encompass a variety of forms, each with a different level of novelty, risk, and strategic intent. Understanding these categories is the first step in formulating a coherent innovation strategy.

1. **New-to-the-World Products (Discontinuous Innovations):** These are truly novel products that create an entirely new market. They represent the highest level of risk and reward, often requiring significant R&D investment and market education.
   - Example from Asia: When Samsung first introduced its curved-screen TVs, it was a new-to-the-world concept in consumer electronics. Similarly, the first-ever mobile financial service, like bKash in Bangladesh, created a new market for financial inclusion.
2. **New Product Lines:** These are products that a company has not previously offered but which are already available in the market. They allow a firm to enter an established market for the first time.
   - Example from Asia: If a company like Aarong, known for its traditional clothing and handicrafts, were to launch its brand of packaged food, this would be a new product line for them.
3. **Additions to Existing Product Lines:** These are new items that supplement a company's established product lines, such as new sizes, flavors, or models. This is a common strategy for maintaining market excitement.
   - Example from Asia: The introduction of a "Spicy Chicken" flavor of instant noodles by a company like Nissin in Japan is an addition to its existing product line, catering to regional tastes.
4. **Improvements and Revisions of Existing Products:** These are modifications to current products that are positioned as "new and improved." This is a continuous process for most brands.

- Example from Asia:Honda consistently releases revised versions of its popular motorcycles in Southeast Asian markets, featuring minor design tweaks or slightly more fuel-efficient engines.

  Figure 8-2 Categories of New Products

Source: Kotler et al., (2022)

5. **Repositioning:** These are existing products that are targeted at new markets or segments. This strategy often involves changing the product's marketing message without altering the product itself.
   - Example from Asia: A local instant coffee brand in Vietnam, traditionally seen as a working-class beverage, might reposition itself as a premium, artisan product to attract a younger, more affluent urban demographic.
6. **Cost Reductions:** These are "new" products that provide similar performance at a lower cost, often by using a new manufacturing process or more cost-effective materials. The goal is to compete on price.
   - Example from Asia: A textile company in Bangladesh developing a new manufacturing process that significantly lowers the cost of denim production, allowing them to sell their jeans at a more competitive price, would be a cost reduction innovation.

Challenges in New-Product Development and Strategic Responses

Despite the promise of innovation, the failure rate for new products is notoriously high. Marketers must be acutely aware of the obstacles that can derail a promising idea and have strategies to adapt.

1. **Market Misjudgment:** This is the most common reason for failure. A company may have overestimated the market size, misunderstood customer needs, or failed to identify the correct target segment.
   - Example from Asia: A multinational food company launched a flavored potato chip line in Thailand with flavors popular in Western countries, only to find that the local market preferred spicy and savory flavors.
   - Strategic Response: Companies must invest heavily in extensive market research, including ethnographic studies and focus groups, to deeply understand the local consumer's tastes and behaviors. A firm could use a "Minimum Viable Product (MVP)" strategy to test key features on a small scale before a full launch.

2. **Technical or Design Problems:** The product may have technical flaws, be unreliable, or be difficult to use.
    - Example from Asia: The initial release of a smart home device in India failed because it was not designed to handle the frequent power outages and voltage fluctuations, making it unreliable.
    - Strategic Response: Rigorous beta testing and user acceptance testing (UAT) in real-world, local conditions are essential. A company can also adopt an agile development methodology, allowing for iterative improvements based on user feedback.
3. **Poor Timing:** The product is launched too late (after a competitor has already established a market) or too early (before the market is ready for it).
    - Example from Asia: In the early 2010s, a few companies in Singapore attempted to launch e-commerce platforms before the widespread availability of high-speed internet and secure digital payment methods.
    - Strategic Response: Companies must use market analysis and competitive intelligence to time their launches appropriately. A first-mover advantage can be gained by launching quickly, while a late-mover advantage can be gained by learning from competitor mistakes.
4. **Ineffective Marketing:** Even a great product can fail if it is not marketed correctly. This includes poor advertising, an inappropriate price, or a flawed distribution strategy.
    - Example from Asia: A luxury cosmetic brand from South Korea failed to penetrate the Chinese market initially because its messaging, which focused on "natural beauty," didn't resonate with Chinese consumers who preferred messaging around "scientific efficacy" and "instant results."
    - Strategic Response: Localization is key. The marketing mix must be adapted to local cultural nuances. This includes using local influencers, adjusting pricing to be competitive, and building distribution channels that reach the target consumers effectively.

Organizational Arrangements and Fostering an Innovation Culture

To mitigate these challenges, companies need a structured and supportive organizational framework for new-product development.

1. **New Product Departments:** A dedicated department or a senior manager is tasked with managing new product development. This centralizes responsibility and expertise.
    a. Pros: Creates a clear focus on innovation, develops specialized knowledge, and can lead to economies of scale in R&D.
    b. Cons: Can be slow and bureaucratic, and may become isolated from the core business.
2. **Venture Teams:** These are temporary, cross-functional groups of employees from different departments (e.g., marketing, engineering, finance) who are assigned to work on a specific new product project. They are often given significant autonomy and operate outside the normal organizational structure.
    a. Pros: Highly flexible, promotes creative thinking, and can accelerate development.
    b. Cons: Can create tension with the core business and may lack long-term strategic direction.
3. **Product Managers:** In many companies, existing product managers are also responsible for developing new products in their respective categories.
    a. Pros: Deep market and product knowledge.
    b. Cons: Can lead to a conflict of interest, as managers may prioritize the success of their current products over the riskier new ones.

4. **Top-Down and Bottom-Up Approaches:** A company's innovation efforts can be driven by a clear mandate from top management (top-down) or by employees at all levels who are encouraged to submit ideas (bottom-up). The most successful companies combine both.

Fostering an Innovation Culture

Beyond structure, a company must actively cultivate a culture that supports innovation. This includes:

a. **Rewarding Risk-Taking:** Employees should be encouraged to experiment without fear of punishment for failure.
b. **Cross-Functional Collaboration:** Fostering communication and collaboration between different departments (e.g., R&D, marketing, and sales) can lead to more holistic and successful products.
c. **Dedicated Resources:** Allocating a specific budget and time for employees to work on personal innovation projects, similar to Google's "20% Time" policy.

Activity:

Analyze the case of Grab, the ride-calling and super-app company in Southeast Asia. Initially, Grab was a ride-hailing service. Now, it offers food delivery (GrabFood), digital payments (GrabPay), and parcel delivery (GrabExpress).

a. How would you classify the GrabFood, GrabPay, and GrabExpress launches using the "New-Product Options" categories? Justify your classifications.
b. What organizational arrangements do you think Grab used to develop these new services? Why would a venture team approach be particularly effective for them?
c. Discuss a potential challenge Grab may have faced when launching GrabFood (e.g., competition from existing food delivery services) and explain what a strategic response might have been.

Summary

This chapter lays the strategic groundwork for successful new-product development. It begins by defining and categorizing new products, from revolutionary, new-to-the-world innovations to simple cost reductions, providing examples from the Asian market. The discussion then shifts to the significant challenges and common pitfalls that can lead to product failure, such as market misjudgment, poor timing, and design flaws, while also proposing strategic adaptations to overcome them. The chapter concludes by exploring various organizational structures—including dedicated new product departments, venture teams, and the role of product managers—that companies can adopt to foster a systematic and effective approach to innovation and a supportive culture of creativity.

Discussion Questions

1. Consider a new social media app from Asia that is attempting to enter the market. What are some of the potential challenges it might face, and what strategic responses could it use to address them?
2. Imagine you are a top executive at a company in a traditional industry. How would you justify the high risk and investment required for a "new-to-the-world" product to your board of directors?
3. Why is a "bottom-up" approach to innovation, where ideas come from employees, often more successful than a purely "top-down" approach driven by management?
4. Discuss a product from your country that you believe failed due to poor timing. Could it have been successful if launched later or earlier?

Lesson 2: The New-Product Development Process and Consumer Adoption

Objectives of this lesson

After reading this lesson, you will be able to:

- Outline the systematic stages of the new-product development process, from idea generation to commercialization.
- Explain the purpose of each stage and its importance in reducing risk and maximizing a product's success.
- Describe the five stages of the consumer-adoption process.
- Differentiate between the five adopter categories and identify the key factors that influence the rate of adoption for an innovation.

Introduction

While a strong strategy provides direction for innovation, a systematic process ensures a new product successfully navigates its journey from concept to market. Without a clear, multi-stage process, even the most promising ideas can fall victim to avoidable errors and a lack of market fit. This chapter outlines the rigorous, sequential steps of the new-product development process, from the initial spark of an idea to the final market launch. It then examines the critical final stage of the innovation journey: how consumers adopt new products and the psychological and social factors that influence the speed and pattern of that adoption.

Managing the Development Process: From Concept to Strategy

This initial phase focuses on generating and refining ideas before significant resources are committed, acting as a crucial filter to identify viable concepts. It is a creative and analytical period where the foundation for the product's success is laid.

1. **Idea Generation and Screening:** The process begins with a systematic search for new product ideas. Ideas can come from a vast array of ***internal sources,*** such as the R&D department, which pioneers new technologies, the sales force that interacts directly with customers and understands their needs, or employee suggestion programs that tap into the creativity of the entire organization. Ideas also come from a vast array of ***external sources***, including customers (through feedback, surveys, and complaints), competitors (through analyzing their products and strategies), suppliers and distributors (who often have unique market insights), and even market research firms.

   In today's landscape, ***open innovation platforms*** and ***crowdsourcing*** are also powerful tools for sourcing ideas globally. These ideas are then rigorously screened against a set of predetermined criteria, such as market potential, strategic fit with the company's mission, technical feasibility, and financial viability, to avoid wasting resources on flawed concepts.

   A company might use a formal ***scoring model***—a matrix where each idea is scored on multiple criteria—to rank ideas and allow for an objective, data-driven approach to weeding out unpromising concepts.

2. **Concept Development and Testing:** A promising idea is developed into a detailed product ***concept***—a more fleshed-out version of the idea stated in meaningful consumer terms. This concept is then tested with a target consumer group to gauge their reaction. This evaluation can be done using various techniques to collect both qualitative and quantitative feedback:

a. ***Survey-Based Testing:*** This classic method presents a written or visual concept to a market sample, often a representative group of potential buyers, and asks them for their feedback on features, benefits, and, most importantly, their *purchase intent.* The data from these surveys can be used to forecast early sales figures.
b. ***Conjoint Analysis:*** A sophisticated statistical technique that asks consumers to rank their preferences for different product features and price points. By analyzing their choices, marketers can determine which combination of attributes is most valued by the target market, allowing for the creation of an optimal product configuration.
c. ***A/B Testing:*** Primarily for digital products and online marketing, this involves testing two different versions of a feature, interface, or message to see which one performs better in a real-world setting. This iterative approach allows for continuous improvement based on user behavior.
   - A dairy company, before launching its flavored yogurt drinks in Indonesia, didn't just ask if people wanted a new drink; they also considered the potential impact on the market. It tested specific concepts, such as "mango-coconut" and "lychee-rose," in different Jakarta neighborhoods. Through in-depth surveys and taste tests, they discovered that while both flavors were appealing, the "mango-coconut" concept resonated more strongly with the local palate, leading to a significantly higher purchase intent. This valuable insight prevented them from launching a less popular product and allowed them to focus resources on the most promising option.

3. **Marketing Strategy Development:** A preliminary marketing strategy is designed for the chosen concept. This is a three-part plan that outlines the product's market entry and its long-term trajectory.
   a. **Part 1:** Describes the target market and its needs, the planned value proposition (why the customer should buy it), and the initial sales, market share, and profit goals for the first year.
   b. **Part 2:** Outlines the planned price, the distribution strategy (how the product will be made available to consumers), and the marketing budget for the first year.
   c. **Part 3:** Describes the long-run sales and profit goals, along with the long-term marketing-mix strategy, detailing how the product's features, price, promotion, and distribution will be adjusted over time.

Managing the Development Process: From Development to Commercialization

This phase turns the idea into a tangible product, preparing it for market launch. It is a resource-intensive stage where significant financial and human capital are invested.

4. **Business Analysis and Product Development:** A detailed financial analysis of sales, costs, and profit projections is conducted to ensure the new product satisfies the company's financial objectives. This involves creating a comprehensive budget that accounts for research and development (R&D), manufacturing, marketing, and distribution. Simultaneously, the concept is transformed into a physical *prototype,* which is rigorously tested by engineers and designers to ensure it is functional, safe, and meets design specifications. For software and digital services, this stage often involves creating a ***Minimum Viable Product (MVP)***—a basic version of the product with just enough features to be usable by early customers who can provide feedback for future iterations. This agile approach allows for faster time-to-market and reduces the risk of building a product with features no one wants.
   - *Example from Asia:* An electronics company designing a new electric fan for the Bangladeshi market wouldn't just build it and sell it. They would create prototypes and test them under conditions that reflect the real-world environment, such as long

hours of continuous use in high humidity or during frequent power fluctuations. This ensures the fan is durable and reliable, a crucial selling point in a market where consumers value long-lasting appliances.

5. **Market Testing:** The new product is introduced into a realistic market setting to gauge its potential. This small-scale launch provides valuable insights into the product's performance and marketing effectiveness before a full-scale launch.
    a. **Standard Test Markets:** A company selects a few representative cities and conducts a full marketing campaign, using the data to predict national sales and identify potential issues. While this provides realistic data, it can be costly and exposes the new product to competitors.
    b. **Controlled Test Markets:** A company contracts with a research firm to control all aspects of the test, from product placement to advertising exposure, in a small, pre-selected panel of stores and consumers. This is faster and less expensive but provides a less natural environment.
    c. **Simulated Test Markets:** Consumers are shown the new product and its marketing materials in a simulated shopping environment and are then surveyed to gauge their purchase intent and feedback. This is the fastest and least expensive method, but it may not fully capture the complexity of real-world consumer behavior.
6. **Commercialization:** This final, most expensive stage is the full-scale launch. Key decisions must be made regarding the timing of the launch (e.g., waiting for the optimal time of year or a competitor's weakness), the geographical area of distribution (e.g., launching in a few key cities first to build momentum), and the target market. A company must decide whether to launch in a ***single market***, a ***regional market***, or a ***full-scale national launch***, with each strategy carrying its own set of risks and rewards.

Steps Involved in the New Product Development Process and Their Planning and Evaluation Methods

Stages in the new product development process	**Illustrative evaluation and planning methods**
Idea Generation	Consumer research (e.g., preference mapping), focus group interviews.
Idea Screening	Lists of criteria, scoring methods, ranking methods.
Concept Development and Testing	Converting ideas into meaningful and consumer terms, product positioning, decide on a limited number of concepts, estimate their costs, designs, and retail prices, and then obtain potential consumer reaction.
Marketing Strategy Development	Description of behavior, size, and structure of the target market; product positioning, first few years' sales, market share and profit targets, product's planned price, distribution strategy, and marketing budget for the first year.
Business Analysis	Estimating total sales, estimating first-time sales, estimating replacement sales, estimating repeat sales, estimating the cost, and profits.
Product Development	Positioning, package design, name, advertising, pricing, etc.
Market Testing	Use tests, simulated shopping tests, test marketing.
Commercialization	Tracking of market performance, sales, and cost analyses

Illustration 3 Stages in the New Product Development Process – Planning and Evaluation Methods

The Consumer-Adoption Process

The consumer-adoption process is the mental journey from first hearing about an innovation to final adoption. Understanding this process is crucial for effective marketing and communication.

Stages in the Adoption Process

The process is a sequence of five distinct stages that every potential adopter moves through. Marketers must tailor their communication and marketing efforts to the consumer's mindset at each stage.

1. **Awareness:** The consumer learns of the new product but lacks detailed information. The marketer's goal is to create broad visibility using mass media and digital channels.
2. **Interest:** The consumer is stimulated to seek more information about the product. The marketer should provide easy-to-access information via websites, detailed product descriptions, and social media.
3. **Evaluation:** The consumer considers whether trying the product makes sense and how it might fit into their life. The marketer should provide testimonials, reviews, and detailed product comparisons to build a strong case for the product.
4. **Trial:** The consumer tries the new product on a small scale. The marketer must facilitate this by offering free samples, trial periods, or limited-time promotions to reduce the risk of a full purchase.
5. **Adoption:** The consumer decides to become a regular user. The marketer's job is to reinforce this decision through excellent after-sales support, loyalty programs, and continued engagement.

Adopter Categories

Individuals adopt at different speeds, creating a classic bell curve distribution. These five groups play unique roles in the diffusion of an innovation.

1. **Innovators (2.5%):** These are the venturesome, risk-takers who are willing to try new ideas and technologies. They are typically young, well-educated, and technologically savvy. In the Asian context, they are the early adopters of new mobile apps or the first to purchase a nascent technology like a smart ring. Their role is to provide early feedback and validation.
2. **Early Adopters (13.5%):** The opinion leaders in their communities. They adopt new ideas early but carefully, and their word-of-mouth recommendations are highly influential. They are the market's social connectors, and their endorsement can make or break an innovation. A popular tech blogger in Singapore or a well-respected celebrity in Korea who adopts a new product would fall into this category.
3. **Early Majority (34%):** This group is deliberate and pragmatic. They will adopt a new product only after they see that it has been successful for others. They are the backbone of the market, and once an innovation "crosses the chasm" to this group, it begins to achieve mass-market success.

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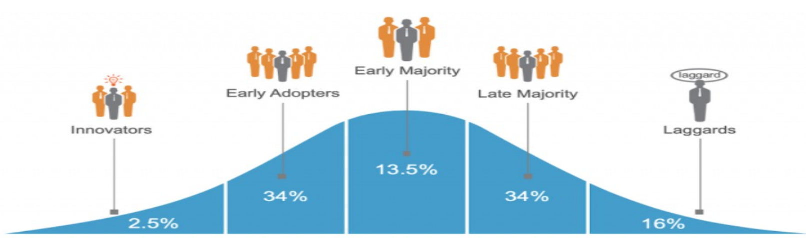

Figure 8-0-1 Adopter Categories - Rogers' Bell Curve, Source: https://marketing-dictionary.org/a/adopter-categories
Source: Kotler *et al*., (2022)

4. **Late Majority (34%):** This is a skeptical group that will only try a new product after a majority of others have. They are often price-sensitive and adopt innovations out of necessity or social pressure.
5. **Laggards (16%):** This tradition-bound group is the last to adopt. They are often suspicious of change and will only adopt a new product when it has become commonplace or even a tradition itself.

Factors Influencing the Rate of Adoption

The speed of adoption depends on several characteristics of the innovation itself.

a. **Relative Advantage:** The degree to which an innovation appears superior to existing products.
A new, fuel-efficient scooter in Vietnam with superior mileage would have a high relative advantage over older models due to its significant cost-saving benefit.

b. **Compatibility:** The degree to which the innovation fits the values, experiences, and lifestyle of the target market.

A new vegetarian protein shake would be highly compatible with a large vegetarian population in India, but might face more resistance in a market where meat consumption is the norm.

c. **Complexity:** The degree to which the innovation is difficult to understand or use.

d. **Divisibility:** The degree to which the innovation can be tried on a limited basis. A small sachet of a new shampoo is highly divisible, making it easy for consumers to try before committing to a full-sized bottle. This is a common strategy in developing markets across Asia.

e. **Communicability:** The degree to which the results of using the innovation can be observed or described to others.

Visible results from a new skin care product or the clear financial benefits of using a new investment app are highly communicable, encouraging word-of-mouth.

Activity: Applying the Adoption Process

Research the launch and adoption of either **Jio** (a telecommunications company in India) or a popular new app in your region (e.g., TikTok in Asia).

a. How did the company generate Awareness and Interest for its product?
b. Identify a few key individuals or groups that you would classify as Innovators or Early Adopters for the product. What role did they play in its success?
c. Discuss how the company leveraged the factors of Relative Advantage and Divisibility to accelerate the adoption process.
d. What marketing strategies do you believe the company used to reach the Early Majority once the product gained initial traction?

Summary

This lesson provides a detailed roadmap for managing the new-product development process, highlighting the importance of a structured approach to mitigate risk. It breaks down the process into two key phases. The *first phase*, from concept to strategy, includes generating, screening, and testing ideas with specific techniques like conjoint analysis. The *second phase*, from development to commercialization, involves business analysis, product prototyping, market testing, and a final full-scale launch. The lesson concludes by discussing the consumer-adoption process, detailing the stages consumers go through when adopting a new product, classifying the five adopter groups, and identifying the key characteristics that influence the speed of an innovation's adoption, with real-world examples from Asia.

Discussion Questions

1. Describe a new technology product that was launched recently. Trace its journey through the different stages of the new-product development process, as you imagine them to have occurred. What challenges do you think the company faced at each stage?
2. Consider the mobile phone market in Bangladesh. Discuss the five adopter categories in this context. What kind of person would be an "innovator" or a "laggard" for a new smartphone model?
3. Why is "market testing" a crucial and often expensive stage of the new-product development process? What risks does it help a company avoid?
4. Think about a product or service that you have seen fail. Which of the five factors influencing the rate of adoption (relative advantage, compatibility, complexity, divisibility, and communicability) do you think contributed most to its failure?

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Managing a Holistic Marketing Organization for the Long Run

9

Unit Highlights

- Lesson 1: Trends in Marketing Practices and and Internal Marketing
- Lesson 2: Socially Responsible Marketing, Corporate Social Responsibility and Socially Responsible Business Models
- Lesson 3: Cause-Related Marketing
- Lesson 4: New Views on Corporate Social Responsibility, Marketing Implementation, Evaluation and Control

Technologies Used for Content Delivery

- BOUTUBE
- BOU LMS
- WebTV
- Web Radio
- Mobile Technology with MicroSD Card
- BTV Program
- Bangladesh Betar Program

Activities of marketing are carried out by people in organization. Marketing management, therefore, cannot take place except within a specific organizational setting. The organizational setting is termed as 'marketing's home'. Thus understanding of organizational issues will help all marketing staff members better coordinate their efforts with others in their firm. A company's success results from effective implementation and control of its marketing activities. Without good control and evaluation procedures, implementation of even the best marketing effort could produce unexpected and often undesirable results. In this unit we shall focus initially on organizing the marketing unit. Then we shall examine several issues regarding implementation, evaluation, and control of marketing activities. The whole discussion has made in three different lessons.

Lesson 1: Trends in Marketing Practices and Internal Marketing

Objectives of this lesson

After reading this lesson, you will be able to:

- Identify and explain the key trends shaping modern marketing practices.
- Define internal marketing and articulate its critical role in a holistic marketing organization.
- Analyze how effective internal marketing contributes to brand consistency and customer satisfaction.
- Apply the principles of internal marketing to a real-world company.

Introduction

This unit examines how modern companies can establish and maintain a successful marketing organization in a complex, rapidly changing world. It moves beyond traditional advertising to explore the strategic importance of internal alignment, social responsibility, and systematic marketing implementation and control. The goal is to show how a holistic approach, where every part of the company and its relationship with the community matters, leads to a stronger, more resilient brand.

The New Marketing Imperatives

The digital revolution has fundamentally altered the marketing landscape. Today, a company's success depends not only on what it says about itself but also on what customers say about it and how it behaves. This lesson examines the key trends influencing marketing practices and introduces the fundamental concept of **internal marketing**, the process of ensuring that every employee understands and embodies the brand's promise.

Key Trends in Modern Marketing

Modern marketing has evolved far beyond simply "selling products." It now focuses on building long-term value, leveraging technology, and strengthening relationships with customers and society. Below are the key foundational trends shaping marketing today:

1. **Customer-Centricity:** Modern marketing puts the customer at the center of every decision. Instead of starting with what the company can produce, marketers begin by asking, *"What do customers need, value, or aspire to?"* This approach emphasizes customer experience, satisfaction, and loyalty.

   Aarong (BRAC's lifestyle retail brand) constantly studies customer preferences in clothing, designs, and materials. Instead of just selling traditional apparel, Aarong adapts colors, fabrics, and styles to match seasonal festivals like *PahelaBaishakh* and *Eid-ul-Fitr*, making the brand deeply customer-focused.
2. **Digital Transformation:** The digital revolution has made the internet, social media, and mobile platforms essential to marketing strategies. Companies no longer depend only on television or print ads but must engage customers through websites, apps, and online marketplaces.

   Daraz Bangladesh has become the country's largest e-commerce platform by using a fully digital marketplace. Through flash sales, live-streaming product launches, and app-based notifications, Daraz reaches millions of customers faster than traditional channels.
3. **Data-Driven Marketing:** Today's marketers use big data, analytics, and AI to understand customer behavior and predict future trends. This helps in making evidence-based decisions instead of relying on intuition. Grameenphone analyzes customer data (such as usage patterns and internet packages) to introduce tailored offers like youth-centric "Flexiplan" bundles, ensuring packages match customer needs more precisely.

4. **Personalization and Relationship Building:** Generic, mass marketing is being replaced by personalized offers and communication. Companies use customer insights to send tailored messages, which help build trust and long-term relationships.

   Foodpanda Bangladesh personalizes app notifications by suggesting restaurants based on previous orders. If a customer frequently orders burgers, the app highlights nearby burger deals, creating a sense of "individual attention."
5. **Interactive and Engaged Communication:** Modern marketing is two-way communication. Customers are not passive recipients but active participants, influencing brand reputation through social media reviews, feedback, and online discussions.

   Bata Bangladesh often runs Facebook campaigns where customers vote for their favorite shoe designs. The most popular styles are then introduced into stores, showing how customer interaction directly shapes product decisions.
6. **Sustainability and Social Responsibility:** Consumers increasingly expect businesses to demonstrate ethical practices, environmental responsibility, and inclusivity**.** Brands that fail to act responsibly risk losing customer trust.

   Unilever Bangladesh promotes "Lifebuoy handwashing campaigns" in schools and rural communities, aligning their brand with public health improvements while marketing their soap. This enhances reputation and social impact simultaneously.
7. **Integration of Online and Offline (Omnichannel Marketing):** Modern marketing requires a seamless customer experience across channels**.** Customers may browse a product online, visit a store to try it, and then purchase via a mobile app. Businesses must integrate all touchpoints consistently.

   Shwapno (supermarket chain in Bangladesh) allows customers to shop both in physical outlets and online via their website and delivery app. This omnichannel model ensures customers can choose the most convenient shopping method.
8. **Globalization and Localization:** While brands are expanding globally, they must adapt marketing strategies to local cultures and contexts. This balance—global reach with local relevance—is a key trend.

   KFC Bangladesh offers localized menu items like "Rice Meals" alongside its global fried chicken, ensuring the international brand remains culturally relevant to Bangladeshi consumers who prefer rice-based dishes.

Together, these trends define marketing in the 21st centur*y—customer-driven, technology-enabled, socially conscious, and globally adaptive.*

The Role of Internal Marketing

Internal marketing is the task of effectively training and motivating employees who work with customers to deliver a satisfying experience. It's based on the principle that a company cannot promise something to its customers that its employees cannot provide. The employees are the brand's first customers and most important advocates.

A company must "sell" its vision, values, and products to its staff before it can effectively sell to external customers. For a clothing retailer in Indonesia, this means that every store associate should not only be trained on product knowledge but also understand and be excited about the new clothing line. This enables them to deliver authentic, knowledgeable service to customers, ensuring that the brand promise is consistently and authentically fulfilled at every point of customer contact.

When employees are engaged and believe in the brand, they become powerful advocates who drive positive word-of-mouth.

Activity: Analyzing Internal Marketing

Choose a company you admire (e.g., a bank, a fast-food chain, a tech company). Conduct brief research and interview a friend or family member who works at the location.

1. How does the company communicate its brand promise to its employees?
2. What kind of training or motivation programs are in place to ensure employees deliver on that promise?
3. Based on your findings, do you think the company practices effective internal marketing? Why or why not?

Summary

The foundational trends of modern marketing reflect a shift from transactional selling to relationship building. Today's marketers focus on: Customer-first strategies (customer-centricity), Technology and data (digital, analytics, AI), Deeper connections (personalization, interactivity), Social accountability (sustainability, CSR), Integrated experiences (omnichannel), and Balancing global standards with local culture.

Modern marketing trends include the rise of digital marketing, the importance of building customer relationships, the value of content creation, and the need for integrated communication.

Internal marketing is understood to be a crucial, often-overlooked task of aligning and motivating employees to deliver on the brand promise. This internal alignment is essential for creating a consistent and positive external brand experience.

Discussion Questions

1. Discuss a company in your country that has successfully leveraged digital and mobile marketing to its advantage. What specific strategies did they use?
2. Why is an employee's belief in a product or brand so critical to the customer's perception of that brand?
3. How can a small business with limited resources practice effective internal marketing?
4. Think about a time you had a bad customer service experience. How could better internal marketing have prevented that situation?

Lesson 2: Socially Responsible Marketing, Corporate Social Responsibility and Socially Responsible Business Models

Objectives of this lesson

After reading this lesson, you will be able to:

- Define and differentiate between socially responsible marketing and Corporate Social Responsibility (CSR).
- Explain the four layers of Carroll's Pyramid of CSR.
- Analyze how companies can integrate social and environmental considerations into their core strategies.
- Identify and provide examples of socially responsible business models from the Asian context.

The New Ethic of Marketing

In a world facing social and environmental challenges, marketing is no longer just about generating sales; it is about building a better world. This lesson examines how companies are incorporating social and environmental considerations into their core business strategies and explores the ethical obligations of modern marketers.

Socially Responsible Marketing and Corporate Social Responsibility (CSR)

Socially responsible marketing is a broad term that refers to a company's efforts to ensure its marketing decisions and activities are conducted in an ethically sound manner. Corporate Social Responsibility (CSR) refers to the specific set of policies and actions a company undertakes to fulfill this commitment. It's a business's commitment to contribute to sustainable development by delivering economic, social, and environmental benefits for all its stakeholders. A popular framework for CSR is Carroll's Pyramid of CSR, which suggests four layers of responsibility that a company must address to be considered a good corporate citizen.

1. **Economic Responsibilities:** The foundational layer—a company's primary responsibility is to be profitable and produce goods and services that society wants. Without this, no other responsibilities are possible.
2. **Legal Responsibilities:** This layer requires a company to adhere to all laws and regulations, operating within the boundaries set by society.
3. **Ethical Responsibilities:** This is a crucial layer where a company does what is right and fair, even if not legally required. This involves respecting moral norms and refraining from causing harm.
4. **Philanthropic Responsibilities:** The top layer of the pyramid, where a company is a good corporate citizen and contributes to the community. This includes charitable donations, volunteer work, and community initiatives.

In many Asian countries, CSR often focuses on community development, education, and disaster relief. For example, a large bank in the Philippines might fund a scholarship program for underprivileged students. At the same time, a conglomerate in India might build schools or hospitals in rural areas where it operates.

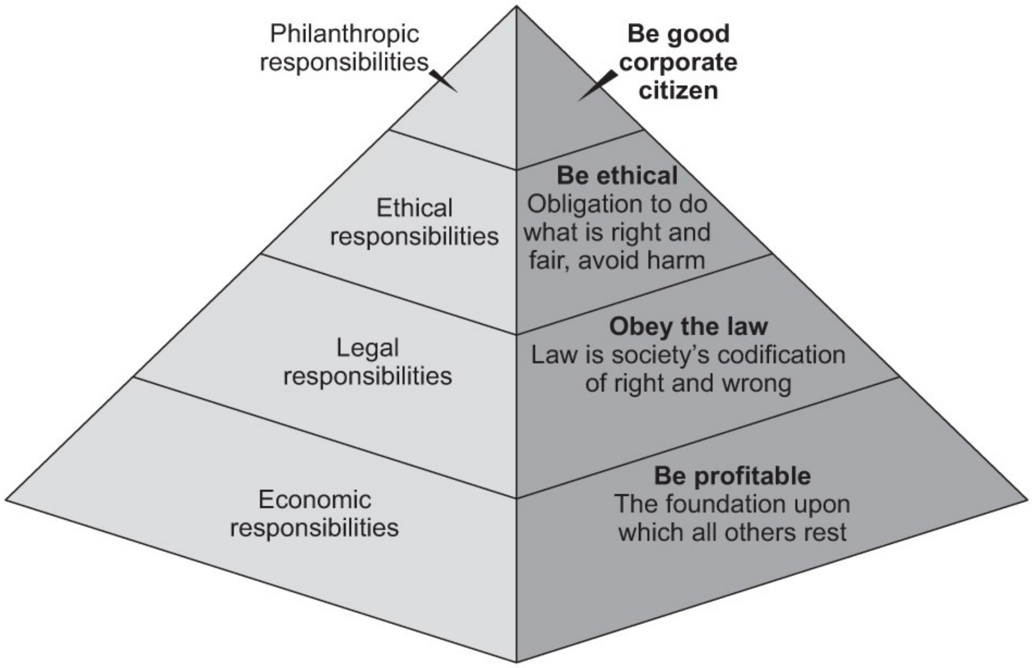

Illustration 4: Carroll's corporate social responsibility pyramid

Socially Responsible Business Models

Beyond traditional CSR, some companies are founded on the very principle of social responsibility. These are often referred to as social enterprises or B Corps. Their business models are designed to generate profits while also creating a positive social or environmental impact. For example, Grameen Bank in Bangladesh pioneered microfinance, providing small loans to the poor to help them escape poverty. This is not philanthropy; it's a business model that is both profitable and serves a social mission. These models represent the ultimate expression of socially responsible marketing, where the business itself is the solution to a social problem. The brand's identity is inextricably linked to its social purpose, building immense trust and loyalty among consumers who share its values.

Activity: Evaluating a CSR Report

Activity:

Find the most recent CSR or sustainability report for a large, publicly traded company in your country.

1. Read the report and identify one initiative for each of Carroll's four layers of responsibility.
2. Do you believe the company's CSR efforts are a genuine commitment or a marketing tactic?
3. Why is CSR becoming so important to consumers today?

Summary

This lesson explored the ethical dimensions of marketing, defining socially responsible marketing as an umbrella term for ethical business practices and CSR as the specific actions a company takes. We analyzed Carroll's Pyramid of CSR to understand the four layers of corporate responsibility. The lesson concluded by examining social enterprises and other socially responsible business models where social good is embedded in the business model itself, demonstrating a shift from CSR as a reactive obligation to a proactive business strategy.

Discussion Questions

1. Consider a company in your country that has recently been involved in a social or environmental controversy. How could effective CSR have prevented or mitigated the damage?
2. Do you believe that all companies have an ethical obligation to be socially responsible, or is their only responsibility to generate profit for their shareholders?
3. Is it possible for a company to be both profitable and truly socially responsible? Provide an example to support your answer.
4. How might a company's CSR initiatives be influenced by the specific cultural and social context of its country?

Lesson 3: Cause-Related Marketing

Objectives of this lesson

After reading this lesson, you will be able to:

- Define cause-related marketing and distinguish it from general philanthropy and CSR.
- Explain the benefits of cause-related marketing for both the company and the cause.
- Identify the potential risks and best practices for successful cause-related marketing campaigns.
- Design a simple cause-related marketing campaign for a hypothetical product.

Marketing with a Purpose

Cause-related marketing is a specific type of socially responsible marketing in which a company donates a percentage of its revenues from a particular product to a designated cause. It's a powerful tool because it directly links a consumer's purchase with a positive social outcome, making them feel good about their buying decision. It differs from general CSR or philanthropy in its direct, transactional nature, creating a symbiotic relationship between consumption and contribution.

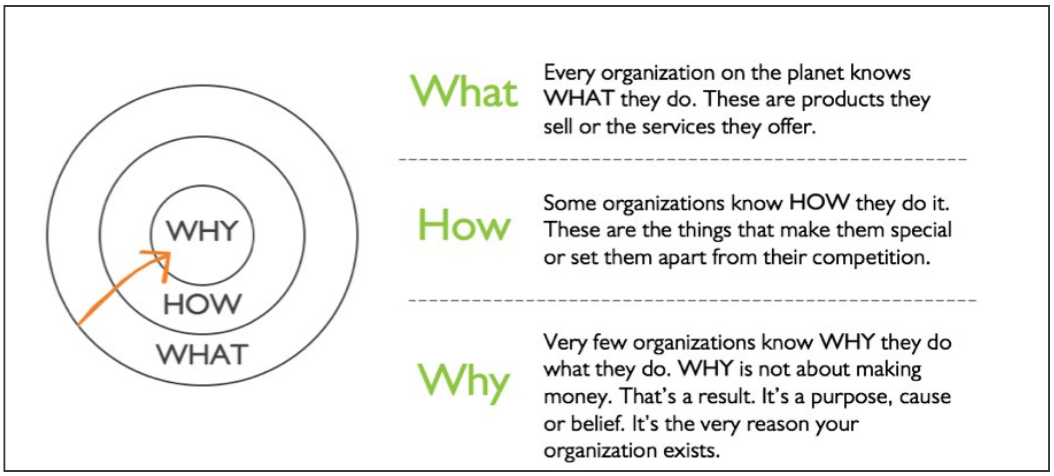

Illustration 5: How Marketing with a Purpose Works,
Source: https://www.marketingmo.com/strategic-planning/marketing-with-purpose/

Simon Sinek demonstrated nearly a decade ago that the majority of organizations communicate by disclosing their operations and methodologies, with the expectation that this would suffice to motivate individuals to adopt a new behavior (e.g., purchasing their product). However, given that humans make emotional decisions, even in B2B, and subsequently find reasons to justify their decisions, a more effective approach to encouraging individuals to purchase your product or service would be to reverse the flow of your marketing communication by beginning with your why.

How It Works

A cause-related marketing campaign is a formal partnership between a company and a non-profit organization. For example, a bottled water company might run a campaign promising to donate 5 taka from every bottle sold to a clean-water initiative in a specific rural area. This partnership benefits both parties:

1. **For the Company:** It enhances brand image, boosts sales, differentiates the product from competitors, and creates positive media attention. Consumers are often willing to switch brands to support a cause they care about, and a well-executed campaign can build deep emotional connections with customers.
2. **For the Cause:** It provides a new and sustainable source of funding, increases public awareness of the issue, and helps them reach a broader audience that may not have been

exposed to their mission otherwise. This can be a vital lifeline for non-profits that struggle with fundraising.

A potential drawback is that consumers may become skeptical if they feel the company is using the cause purely for profit. This can lead to accusations of "cause-washing" or "greenwashing." The most successful campaigns are those where the reason aligns naturally with the brand and the company's commitment is transparent and long-term. For example, a brand of athletic apparel partnering with a mental health organization is a natural fit, whereas a tobacco company donating to a lung cancer foundation would be seen as a blatant contradiction.

Activity: Designing a Cause-Related Campaign

Imagine you are the marketing manager for a new brand of snack crackers.

1. Select a cause that aligns well with your brand. Explain why this cause is a logical partner.
2. Develop a simple cause-related marketing campaign. Be specific: what percentage of sales will be donated, to what cause, and for how long?
3. Outline the key messages you would use in your marketing to communicate this campaign to consumers.

Summary

We focused on cause-related marketing, a powerful strategy that directly links consumer purchases with a charitable cause. It explained how this approach benefits both companies (through enhanced brand image and increased sales) and non-profits (through new funding and increased awareness). The importance of authenticity and fit to avoid consumer skepticism and ensure the campaign's success were also discussed.

Discussion Questions

1. Can a company be considered ethical if it profits from a cause-related marketing campaign? Why or why not?
2. Find an example of a cause-related marketing campaign that you believe was highly successful. What made it so effective?
3. Why is transparency about the amount of money being donated so crucial in these campaigns?
4. In a developing economy, what kind of causes might resonate most with consumers? How would a marketer identify these causes?

Lesson 4: New Views on Corporate Social Responsibility, Marketing Implementation, Evaluation and Control

Objectives of this lesson

After reading this lesson, you will be able to:

- Explain the modern view of CSR as a source of competitive advantage.
- Define and provide examples of Creating Shared Value (CSV).
- Articulate the importance of marketing implementation and the factors that influence its success.
- Describe the four types of marketing control and their roles in a marketing plan.

From Obligation to Strategic Advantage

This lesson moves beyond the traditional view of CSR as a "cost of doing business" to a modern view where social responsibility is seen as a source of competitive advantage. We then explore how to turn marketing plans into concrete actions and measure their success, ensuring that a company's good intentions are matched by effective execution.

New Views on CSR

In today's interconnected world, companies are recognizing that social and environmental challenges can be leveraged into business opportunities. The concept of Creating Shared Value (CSV), introduced by Michael Porter, argues that companies should redefine their purpose as creating both economic value and social value simultaneously. For example, a food company could not only sell healthy products but also invest in local farming infrastructure and training, improving both its supply chain and the well-being of the community. This approach embeds social responsibility into the very fabric of the business strategy, making it a source of innovation and growth. It's a fundamental shift from a firm that simply "does good" to one that "does well by doing good."

Marketing Implementation

Marketing implementation is the process that converts marketing plans into actionable steps to achieve strategic marketing objectives; this is where "strategy meets reality." Key factors for successful implementation include:

1. **Organizational Structure:** The company's structure must be aligned with its marketing strategy. For example, a company with a strong focus on digital marketing should have a dedicated, agile digital team, not just a single person responsible for it all.
2. **Decision-Making and Resource Allocation:** Resources (e.g., budget, people, technology) must be allocated to the right teams and initiatives. A clear decision-making hierarchy ensures that plans are not bogged down by bureaucracy.
3. **Company Culture:** A company's culture—its shared values and beliefs—must support and encourage the marketing strategy. If a company values creativity, for instance, a creative marketing plan will be more likely to succeed because employees will be more willing to take risks and experiment.

Evaluation and Control

The final stage of the marketing process is evaluation and control, where marketers measure the results of their efforts and take corrective action if they are not meeting their goals. There are four types of marketing control:

1. **Annual-Plan Control:** Ensuring the company achieves its sales and profit goals by analyzing performance against a set annual target, which involves monitoring sales, market share, and expenses.

2. **Profitability Control:** Measuring the profitability of different products, territories, customer groups, and distribution channels helps identify where the company is making or losing money.
3. **Efficiency Control:** Evaluating the efficiency of marketing activities like advertising and sales force spending. This helps to optimize expenditures and ensure a positive return on investment.
4. **Strategic Control:** A periodic reassessment of the company's overall marketing approach, involving conducting a marketing audit to ensure that the marketing strategy is still appropriate for the current market environment.

Activity: A Marketing Plan in Action

Choose a local non-profit organization. 1. Develop a simple marketing plan for them (e.g., to raise awareness for a new initiative). 2. Outline how you would implement this plan, identifying the key tasks and the teams responsible for each. 3. Describe the key metrics you would use for evaluation and control. How would you know if your plan was successful?

Summary

The modern view of CSR, shifting from a mere obligation to a source of competitive advantage, and discussing the concept of Creating Shared Value (CSV), was explored in this lesson. It then detailed the crucial processes of marketing implementation, evaluation, and control, emphasizing that even the best plans will fail without proper execution and continuous measurement. The four types of marketing control—annual-plan, profitability, efficiency, and strategic—provide a framework for ensuring that marketing efforts are both practical and efficient.

Discussion Questions

1. Think about a company that you believe successfully creates shared value. What social problems do they address, and how does this also create economic value for the company?
2. Why is it often difficult for a company to move from a CSR-as-philanthropy mindset to a CSV mindset?
3. Imcompany'sompany's sales are flat. Which of the four types of marketing control would you use first to diagnose the problem, and why?
4. Why is company culture so critical to the successful implementation of a marketing plan?

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