

MARKETING MANAGEMENT

Fifth Edition

This new edition of the well-known textbook on marketing management lives up to the promise of its earlier editions. Up-to-date with latest developments and examples, it focusses on innovations in marketing in India.

A good number of examples and cases in marketing initiatives, practices and successes of Indian companies, both in the domestic and global market, have been included in the text. This makes it very relevant for students and teachers of marketing.

Feature Highlights:

- ❖ Discussion on *virtual focus groups* and *customer engagement*
- ❖ Focus on *digital business models*, *ethics*, *big data*, *customer engagement*, etc.
- ❖ New sections on *affordable innovations*, *social networks*, and *consumer behaviour*
- ❖ Learning outcome-based pedagogy

www.mhhe.com/saxena5e

Write to us at
info.india@mheducation.com

Mc
Graw
Hill
Education

www.mheducation.co.in
ISBN-13: 978-93-392-2330-4
ISBN-10: 93-392-2330-6



Fifth
Edition

MARKETING MANAGEMEN



Mc
Graw
Hill
Education

MARKETING MANAGEMENT

Rajan Saxena

Mc
Graw
Hill
Education

Fifth Edition

ABOUT THE AUTHOR



Rajan Saxena is Vice Chancellor NMIMS (Deemed-to-be-University u/s 3 of UGC Act) since 2009 and former Director of IIM, Indore; S.P. Jain Institute of Management and Research, Mumbai; ICFAI Business School, Gurgaon; and Dean of Narsee Monjee Institute of Management Studies, Mumbai. He has over 40 years of professional experience in management education, research, consulting and institution building. He is an alumnus of Shri Ram College of Commerce, Delhi. He did his PhD work at Delhi School of Economics in Marketing and was awarded the degree by Delhi University. He has taught at XLRI, Jamshedpur; S.P. Jain Institute of Management and Research, Mumbai; IIM, Calcutta; IIM, Indore; and NMIMS, Mumbai. He has also taught in University of Calgary, Canada and has been a British Council visitor at the University of Sterling, U.K. where he was involved in the entrepreneurship program. He is a Visiting Professor at Pace University, New York, USA.

Dr. Saxena's teaching and research interests include Marketing Strategy, Services Marketing and Customer Relationship Management. He is also a Fellow of the Indian Society for Training and Development and Institute of Management Consultants of India. He is a life member of ISTD.

Dr. Saxena is widely respected in the country as an institution builder, marketing educator, strategist and consultant. He has consulted over 50 Indian and multinational companies. Some of his well-known clients are BSES (Now Reliance Energy), HDFC, MTNL Mumbai, Agrevo (formerly the agro chemical division of Hoechst and now taken over by Bayer), L&T, Parle Exports, Jindal Steel, Ispat, etc. He has published over 60 articles in Indian and Foreign journals.

Dr. Saxena has been conferred several awards by different organisations and media. Some of these are *Best Teacher of Management* by Bombay Management Association in 1990; *Best Marketing Teacher* in 1998; *Distinguish Alumnus* by Shri Ram College of Commerce in 2002; *Higher Education Forum, Dr. Suresh Ghai Memorial Award for the Outstanding Contribution to Management Leadership* in 2013; *Hall of Fame Award* by DNA; *Star Group of Industry's Inspirational Leadership Award* by Dainik Baskar in 2010; *ETNOW 'Visionary Leadership' Award in Education* in 2013 and *Leadership Award by Forum for Emotional Intelligence Learning (FEIL)*.

Dr. Saxena is a member of the advisory and corporate board of several institutions and companies, some of which are Centre for Management Education, AIMA (as Chair of the Board) Army Management Board, State Advisory Board of Education of Government of Madhya Pradesh, Indore Management Association, Atal Bihari Vajpayee—Indian Institute of Information Technology and Management (ABV—IIITM), Gwalior (Ministry of HRD, Government of India Institution). He was the member of All India Board of Management Studies of AICTE (2000–2003) and was on the Executive Board of Association of Indian Management Schools and Association of Management Development Institutions in South Asia. He was also an Independent Director on the Board of Lodha Developers Ltd., MTNL, Future Generali India Insurance Company Ltd. and Future Generali Life Insurance Company Ltd. He continues to serve Anuvi Chemicals as an Independent Director. He has been the Co-Chair of FICCI Higher Education Committee since 2011.

Marketing Management

Fifth Edition

Rajan Saxena

Vice Chancellor and Distinguished Professor Marketing
NMIMS University
Mumbai



McGraw Hill Education (India) Private Limited
CHENNAI

McGraw Hill Education Offices

Chennai New York St Louis San Francisco Auckland Bogotá Caracas
Kuala Lumpur Lisbon London Madrid Mexico City Milan Montreal
San Juan Santiago Singapore Sydney Tokyo Toronto

PREFACE TO THE FIFTH EDITION

The Indian market is a market of aspirations and expectations. It is a market which is a dream for any marketer, for it provides an opportunity to develop products and services for different market segments. In fact, the marketer can choose to remain in one segment and still grow big. Be it the child, teenager, young adult, adult, or even the elders segment, each of these segments is a huge wanting to be served. The Indian market is today driven by these demographic characteristics and technology which has made value creation and delivery far more exciting and challenging. New products and business models have replaced the old ones. Innovations are today imperative for an emerging market like India. It is in this context that this edition of Marketing Management has been prepared. The focus of this edition is therefore on:

1. Changes in the Indian market and factors driving this change
2. The young Indian market and how this segment is influencing consumption
3. The poor markets which require innovative solutions
4. Digital Business Models
5. Ethics in marketing
6. Big data and analytics
7. Customer engagement strategies

The revision of the fourth edition began about two years ago in 2013, based on the feedback of students and faculty colleagues in NMIMS and other business schools. The course on *Innovations in Marketing* brought interesting perspectives and case studies from MBA students. Simultaneously, PhD scholars brought new concepts like Brand Archetypes and Brand Communications through films. As mentioned above, Indian market provides an opportunity to develop affordable innovations and solutions for customer's needs in emerging markets.

While some of the relevant chapters have been retained, significant changes have been made in many others to make them contemporary with new data, research inputs and concepts. For example, a new section on Virtual Focus Groups, Customer Engagement, Affordable Innovations also termed as 'Jugaad' and Social Networks, and Consumer Behaviour have been added. Most of the opening vignettes termed as 'In Practice' are new. All the data in the book is reviewed and made up-to-date, i.e. of 2014 and 2015. The book has been structured into the following six sections:

1. *Section 1: The Marketing Environment*
2. *Section 2: Assembling the Marketing Toolbox*
3. *Section 3: Creating of Customer Value*
4. *Section 4: Communication and Deliverance of Customer Value*
5. *Section 5: Creating Sustainable Competitive Value and Growth*
6. *Section 6: Broadening Horizons*

Chapters in this edition have been realigned within each section accordingly. In this edition, a new case study on Saffola Oats has been included in addition to the earlier case studies on Tata Nano, Fabindia and Jaago Re. This book is also supported by online learning material which will have among many other features, a quiz on each chapter and additional exercises. These can be accessed from www.mhhe.com/saxena5e

I am confident that this edition will once again help all the students and faculty interested in studying marketing and about markets in India.

I await your feedback which can be shared on the below mentioned id.

RAJAN SAXENA

Publisher's Note

We value your views, comments and suggestions and hence look forward to your communication at info.india@mheducation.com. Please feel free to report piracy issues, if any.

PREFACE TO THE FIRST EDITION

The Indian economy has finally been unchained. Archaic policies and institutions have been done away with in order to link the economy to the world economy. India has already lost the decade of the 80s to her South East Asian neighbours and had the planners not woken up to the realities of the post cold war era, there was every likelihood that the country would have got marginalised. The opening up of the economy means new competition in almost all sectors. This competition is posed by foreign companies and brands, large Indian firms and industrial houses diversifying into different sectors, and from other small and medium sized companies. The impact of increased competition has been felt by several companies who have lost their market leadership to newer and more efficient entrants. The distribution channels are choked up with multiple brands in different product categories. Today there is hardly any product, except core sector products like power, gas and petroleum, where the supplies do not exceed market demand. In such a situation its only a marketing oriented firm that can succeed. Customer focus is the key and Indian firms are realising that aggressive advertising and selling will no longer help if they are not customer focussed.

This is a book on marketing in the contemporary and future India. To many it may appear just another book and perhaps may even wonder at the need for yet another text. During my several years of teaching marketing at the MBA and doctoral level and also training corporate executives in the field of marketing, I always felt the need for a good text which will deal with contemporary marketing decisions in Indian firms. My students and executives participating in my programmes shared with me their similar concerns. Further, as I continue to delve in marketing problems of several of my client organizations and as I looked for solutions in the books originating in North America, I realised that most of them just would not help solve the problems of Indian companies. The reason not being that the concepts are inapplicable or inadequate, but because the organisational culture, environment and the Indian buyer's behaviour and market structures differ significantly from North American firms and markets. Hence, we need indigenisation or localisation of marketing management. This book does this and is based extensively on my research and consultancy experiences as also on published data and cases from Indian industry.

The book is divided into five parts.

Part 1 focuses on markets, structures and forces therein, and what a marketer needs to do in order to understand them. This part contains 8 chapters.

Chapter 1 introduces the concept of marketing and differentiates it from selling, manufacturing and technology orientation. It also introduces the reader to other key concepts like marketing mix and explains how marketing orientation helps a firm succeed.

Chapter 2 is devoted to understanding the marketing environment of the firm and provides tools and techniques for it.

Chapter 3 is on marketing planning and addresses issues in marketing opportunity analysis and evolving a plan to seize opportunities.

Chapter 4 is on marketing research and information systems and helps the reader understand the research process, avoiding pitfalls in marketing research and how to design an effective marketing and intelligence system.

Chapter 5 deals with the changing profile of the Indian buyer and helps the reader understand the motivations of buyers as also the influences that work on their decision making.

Chapter 6 takes a look at the organisational buyer's decision making and Chapters 7 and 8 are market segmentation and demand forecasting.

Part 2 deals with the marketing mix and has ten chapters.

Chapter 9 is on product decisions in the contemporary Indian market.

Chapter 10 is on new product decisions.

Chapter 11 is devoted to a growing concern in marketing, viz. brand equity, and through Indian illustrates key concepts in brand equity.

Chapter 12 is on pricing decisions and introduces the reader to pricing strategies and tactics useful in the Indian market.

Chapters 13, 14, 15 and 16 are devoted to promotion decisions and the different elements of mix.

Chapter 17 is on sales force management in the Indian context.

Chapter 18 is on distribution management and addresses key issues in effective distribution in Indian markets.

Part 3 is on marketing strategy and organisational issues in design, implementation and economy.

Chapter 19 is focussed on marketing strategy and helps the reader understand linkages between strategy and core business strategy as also the strategy formulation process.

Chapter 20 is on marketing organisation. This chapter helps the reader understand the marketing organisation in Indian firms and also the issues that confront management in designing focussed organisation.

Chapter 21 is on marketing performance and control.

Part 4 is on contemporary issues in marketing and chapters here deal with global marketing service, and rural marketing.

Part 5 introduces the reader to case methodology and instrumentation in marketing. It will help the reader to link theory to business realities. The part contains eight cases drawn from consumers, industrial products and services, and instruments like marketing effectiveness measurement, marketing and other instruments in marketing planning and product management.

This book is a departure from others as it contextualises marketing problems by citing Indian plays and marketing instruments used by us in India. It has rich illustrations from Indian companies.

I am hopeful that management students across the country as also marketing executives will find this useful.

RAJAN SAXENA

ACKNOWLEDGEMENTS

I am indeed grateful to all faculty members and students who adopted the book and also gave feedback from time to time. These feedbacks have helped in the revision of this title and have truly made it a book of Marketing in and for India—a market that is today a priority for all global and national brands.

In addition to these feedbacks, my grateful thanks to my research scholars, Dr. Hufriah Majra and Ms. Saloni Gandhi who helped in preparing the case on Saffola Oats. Saloni also gave research inputs on Brand Archetypes.

A book like this cannot be completed without the active support from corporate. Linopinion helped provide ads for brands they had worked with to help elucidate concepts and communication approaches. For this, I am grateful to Mr. Ameer Ismail, Executive Director, Linopinion and Mr. Sani Rajan, Group Head, Linopinion. Lodha developers and Marico also helped with ads of their brands and products. My grateful thanks to Mr. Abhinandan Lodha, Joint Managing Director, Lodha Developers and Mr. Harsh Mariwala, Chairman Marico Industries.

My secretaries, Ms. Lizzy Gonsalves and Ms. Flora D'Souza, were of great help in compiling this edition. They compiled the revisions for fifth edition in word document, which I would dictate on days and times I was free. My daughter, Shruti Saxena Iyer, provided critical inputs and write-ups in sections on Virtual Focus Groups in Chapter 5, Customer Engagement in Chapters 13 and 27—Thank you Shruti.

I would also like to express my gratitude to the team at McGraw Hill—Mr. Kaushik Bellani, Managing Director; Ms. Vibha Mahajan, Mr. Hemant Jha, Ms. Laxmi Singh and Ms. Jagriti Kundu.

My wife Priti has not only supported me but actively encouraged me in contributing to marketing thought, through this book and articles.

RAJAN SAXENA

MARKETING MANAGEMENT TODAY

CHAPTER 1

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

- L01 Explain the changing Indian market and innovation challenges
- L02 Describe the new marketing concepts and the significance of social networks in the Great Indian Market
- L03 Distinguish between types of orientations prevalent in organisations
- L04 Describe the evolution of the contemporary marketing process
- L05 Explain the purpose of marketing
- L06 Interpret the concept of marketing mix and its relevance in competitive advantage
- L07 Explain new marketing horizons

Learning Objectives
Chapters begin with learning objectives which outline what each chapter aims at achieving and what the student should know on its completion.

In Practice

Tata Shows The Way

In the fast changing world of ours, consumers continuously want improved products and services for the Indian market. Whether it was the micro-computer, Tata Ace or Tata Nano, the group has shown that India responds to innovative products customised to the needs of the market.

One such example from the Tata Group is that of introduction of Swachh—Wastewater Treatment. In early 2000 scientists in Tata Consultancy Service (TCS), Mumbai discovered the purification property of rice husk ash which could be used in treating water. This development did not find any takers, until 2004 when Tsunami

Opening Vignettes
All chapters open with a small 'In Practice' case. These are based on marketing practices followed in companies. The purpose of the vignette is to help the student/reader relate the concept to marketing practices as also to introduce the subject.

THE CUSTOMER

CHAPTER 2

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

- L01 Analyse the customer life cycle and stages therein
- L02 Explain the factors in customer acquisition and how customer can be retained
- L03 Describe the customer value and value maximisation strategies
- L04 Demonstrate the relationship between customer value and loyalty
- L05 Categorise the financial dimensions of customer acquisition and retention

In Practice

Men Makeup 90% of the Mobile Web Users

India is today the 2nd largest mobile market. The number of subscribers is expected to reach as high as 868.47 million, thus accounting for almost 69.35% penetration in 2013. This rapid growth in mobile subscribers has surpassed the estimates of planners. Though Government of India had planned to reach a target of 800 million subscribers by 2015, the same was achieved in 2011. Several factors like price of handset, call pricing, apps, value added services, etc., have contributed to this phenomenal growth. Smartphones also contributed to this rapid growth. Within the mobile industry, smartphones have grown at a much faster pace than any other. From just about 2.3 million smartphones in 2009, it was reported that more than 19 million smartphones were sold in India in 2012. This increase in sales and penetration in Indian market was largely contributed by development of Android OS which accounts for about 50% of the total smartphone market in India. The development of the apps ecosystem and also the enablement of GPRS and internet including Google search on Android based smartphones like Samsung contributed to their growth. At the same time smartphone sales growth was driven by lowering of the price curve of most devices, be they from Samsung or Micromax or Karbonn. The second major player in the smartphone is iPhone, followed by BlackBerry. Smartphone sales have also been driven by teens and the young market which has a strong

In Practice

Innovative Communications Create New History for Lifebuoy

Lifebuoy has today become synonymous to hygiene. In order to ensure that the brand continues to grow, Hindustan Unilever launched the lifebuoy brand wash and extended it to the rural areas. In doing so, the brand used 'Breakthrough in Germ Protection' ACTIVE Natural shield. According to the company this has 10 times germ protecting power than other germ protection soaps. This technology is the most advanced germ protection technology available today.

EXHIBIT 14.1 Customer Price Sensitivity

In the evaluation of pricing strategies and tactics, firms believe that only a positive approach can generate profit for the firm. The basic for this approach is simply and correct information on customers, competitors, price elastic for each product, and an honest assessment of a firm's capabilities and weaknesses. The information system has to be flexible, responsive, and must form part of all senior decisions. The quality of people who collect this information is also vital.

		Low Price Sensitivity	High Price Sensitivity
Threat from Competition	High	<ul style="list-style-type: none"> Competitive higher price if market share and cost high Price higher than competition if market share low and cost high Match competitor's price level irrespective of market share 	<ul style="list-style-type: none"> Reduce price below competition if market share is low and cost high Match competitor's price level if market share high
	Low	<ul style="list-style-type: none"> Opportunity to raise price above competition if market share high Reduce price if market share low to reach target higher penetration 	<ul style="list-style-type: none"> Opportunity to raise price Maintain competitive level to emerge as brand leader Reduce price to achieve supplementary

Pricing Tactics

Another tactical approach to fighting price wars, is to assess the customer's sensitivity to price and concern for quality. A firm needs to adopt a value added marketing approach to get an order from a customer who exhibits high concern for quality and price sensitivity. A value added approach would involve doing an economic value analysis for the customer on the lines discussed earlier. On the other hand, for a customer who is low on price sensitivity, but concerned about quality needs to be involved in a different manner. Here, it is important that a firm maintains its commitment and shows not give an opportunity to the customer to try competitors' product in the case of a customer who is highly price sensitive and has little or no regard for quality.

In Practice and Exhibits
Indian examples and cases have been interwoven within the text through these boxed items. They provide the student an insight into the practices and successes of Indian companies in the domestic as well as the international markets.

Margin Notes

These small boxes in the margins contain the gist of the discussion in the paragraph. They may also have definitions of important concepts. These will be of great help to readers in reinforcing their learning.

PROMOTION AND THE BRAND LIFE CYCLE

Promotions have a different role, at each stage in the brand or product life cycle. The respective roles of advertising and sales promotion vary across each stage. In the introduction stage, while the role of advertising is to create awareness and positioning the brand, the role of sales promotion is to induce trial. Hence, the firm may use sampling and couponing to achieve this objective. As the brand enters the growth stage, advertising's role is to create competitive differentiation and expand the market, wherever possible, to include new users. Here, will be to create and reward loyalty. It will be to increase per capita consumption and encourage repeat purchases. Hence, redemption points, bonuses, price cuts for new entrants, etc. are common tools used at this stage. In the maturity stage, advertising helps reminding customer about product availability, while sales promotion helps maintain customer loyalty and attract new customers.

Coordination Between Sales Promotion and Advertising and all Other Elements of the Promotion Mix

In order to ensure that a brand achieves its objectives, sales promotion inputs should be coordinated with other elements of the promotion mix. These sales promotion tools should attempt to communicate the brand's core values and reinforce the sales message or campaign theme.

SALES PROMOTION AND BRAND IMAGE

Sales promotion is now no more a tactical tool in the hands of a marketer. It is being used in a strategic manner to reward loyalty, expand customer base, and fight competitive wars in retail shelves. However, the

IN FOCUS

Often, responses to the following three key questions can help define marketing research problems:

- purpose of the information being sought
- whether the information already exists
- whether the question posed can be researched

Once a problem is identified or recognised, the marketer can be researched exactly what needs to be examined. For example, in order to understand the opportunity in the Indian market, it is necessary to study the profile of internet users and the uses the Net in India and other countries. Exploratory research can help answer these questions. Generally, this is a small pilot research undertaken to help define the exact nature of the problem and a better understanding of the background of the problem. This could be done through the Internet and small focus group discussions of internet users. The Internet and Web are, today, significant enablers in pilot research and problem definition.

Organisational interests can help the researcher gain information relating to the problem from various departments. It can also help the researcher understand the context of the problem. The Internet provides an invaluable resource for searching several external sources of information. This can help direct the researcher's attention to several search engines and websites for the desired information, and is faster than the conventional library research.

This type of exploration can help the researcher define the main and sub-problems and also understand the context of the problem. Hence, good problem definition is the key to getting the most out of marketing research, and both the researcher and the decider have a stake in it.

In Focus Box
In focus box items attract and hold the reader's attention to an important topic which is of special interest.

Wider use of Debit and Credit Card

Direct marketing's success in India will be dependent on the wider use of debit and credit cards, as mode of payment by both the customer and the marketer. This involves a shift of transactions from cash to non-cash modes and hence a change in the customers' and sellers' mindset.

Emergence of Specialised Database Firms

Another key factor in the success of direct marketing is the evolution of specialised database firms. It is an expensive proposition both in terms of money and time to create a customer database. This makes direct marketing feasible only for large firms. A very large component of the Indian economy consists of small and medium sized firms, who cannot afford to create this database. Hence, the emergence and evolution of firms specialised in database management, will contribute to the success of direct marketing in India.

To conclude, direct marketing has arrived in India, but is still an urban and metro phenomenon. It is gradually reaching out to non-urban areas too. It is important to remember, that competitive marketing strategies involve using a combination of general and direct marketing approaches.

SUMMARY

Direct marketing is an interactive mode of marketing through which the marketer reaches out to his target market, at any location. Direct marketing helps companies to focus their marketing efforts and, hence, to that effect is more focused and targeted than conventional or general marketing. Teleshopping, home shopping channels, catalogue marketing, and online shopping are some of the tools that enable companies to cater to this core customer value. Therefore, database marketing is an interactive approach to marketing, using all available communication tools and media vehicles to reach to the target market.

Cross selling can also be effectively managed through database marketing. This is especially true for firms operating in several products/businesses and requiring the same database. The strengths of database marketing are its ability to be measured, tested, and customised. The future of direct marketing in India is dependent on factors like reaching out to non-metro/non-urban markets, enhancing credibility of an offer, wider use of debit and credit cards, and the emergence of specialised database firms.

POWER POINTS

1. Direct marketing helps companies to focus their marketing efforts. Teleshopping, home shopping channels, catalogue marketing, and online shopping are some of the tools that enable companies to cater to this core customer value. Globalisation of markets and the Internet further facilitated the growth of direct marketing. To avoid intermediary conflicts, companies out to the customer, companies use the direct marketing route. (LO1)
2. Direct marketing is an interactive mode of marketing through which the marketer reaches out to his target market, at any location. There are three key elements to this, namely it is

- consequence thereto financial results. It involves analysis of firms strengths and weakness on the bases of ROI. (LO3)
- Another approach is the portfolio model which refers to BCG and GE models. The BCG model demands the firm to identify a strategic business unit on the basis of three criteria namely:
 - (a) It should be a single business or collection of related businesses that can be planned independent of the rest of the firm
 - (b) It has its own set of competitors
 - (c) It is headed by a manager who is accountable for strategic planning and profit generation
- The structure of the marketing plan varies from firm to firm. Generally this would have an executive summary, a situation analysis of the brands or product orbu, marketing and sales objectives, marketing strategy, implementation plan, projected profit and loss statement and the management control system. (LO4)
- While evolving a marketing plan, marketing manager needs to consider participation from all the key stakeholders. She/he must decide on the scheduling of the marketing plan exercise, the review and the monitoring and mechanism of the marketing plan. (LO5)

QUESTIONS FOR DISCUSSION

1. Samsung recently introduced a range of their home appliances in the Indian market. It launched its range of refrigerators, washing machines, microwave ovens, televisions and also cellular phone handsets. These are positioned at the urban professionals in the middle and higher income groups. Its major competitors are LG, BPL, Philips, Sony, Panasonic, Electrolux and Whirlpool. The company has the objective to achieve a market penetration ratio of 25% in 2005-06 and eventually be a market leader in each of the products. Analyse the market opportunity for Samsung and evolve a marketing plan for achieving this goal. (LO1)
2. One of the erstwhile leaders in consumer electronics has hired your services as a marketing consultant to advice on possible diversification. The company has been considering several products for diversification; some of these are manufacturing and marketing dish antennas, creating a new entertainment company, or entering into feature film production. Evaluate these new product opportunities and give your recommendations to the company with proper justification. (LO2)
3. The mobile payment gateway is one of the disruptive business ideas, much the same way as Credit Card and Net Banking were. In order to expand its market and provide convenience to the customers, a Taxi App firm, like Taxi for Sure or Uber is considering entering this product market. Analyse this product and the market and advice if the company should acquire or develop its own mobile payment system? (LO3)
4. The Internet gaming industry was worth over ₹100 crores in 2005-06. There were 36 million mobile subscribers in India and by the end of 2005 it was expected to be 100 million. According to some estimates, the mobile market of India was expected to grow at a compound average rate of 40% until 2007. One of the major player in this market is India Games which is keen to develop a marketing strategy which will make it a leader across the competition in this market. Develop a competitive marketing plan for India Games which will help the firm achieve its goal. (LO4 and 5)

Questions for Discussion
Application-based questions are provided at the end of each chapter and are intended to assess the student's understanding of concepts discussed in each chapter.

Pedagogy

Rich in pedagogy, each chapter begins with **learning objectives**, employs **figures and tables** for a better understanding of the concept, and ends with a **summary and power points** section that enables students to quickly recap the important points covered within the chapter.

NANO—A DREAM CAR FOR THE POOR

CASE

1

INTRODUCTION

The year 2007 saw record number of road accidents in Delhi involving Blue Line buses. One such accident involved a two-wheeler scooter in which both the driver and the pillion rider died on the road even before they could be taken to the hospital. This led to protests and violent demonstrations against Blue Line buses. The Supreme Court of India stepped in to ask the Delhi Government on the action it took against the erring bus drivers and owners. Two wheeler accidents are quite common in India. A study at Apollo Hospitals in India showed that 1,20,000 head injury deaths occurred annually in the country from two-wheeler accidents alone and that such head injuries were the sixth leading cause of death in India (one death every 4 minutes). However, these statistics never reveal the agony and misery faced by the family when the breadwinner is critically injured or dies. This study also showed that two wheeler riders were five times more likely to be killed in an accident than car or bus passengers.

Earlier in 2003, Mr Ratan N. Tata (or RNT as he is affectionately called) Chairman Tata Group, described one of the regular sights on Mumbai roads especially during the monsoon—precariously balanced on a two-wheeler, driving on Mumbai's roads especially during the monsoon. He often wondered about their safety and what he and his Tata Motors could do to give them a safe vehicle. The two-wheelers are a relatively unsafe mode of transporting a family. This two-wheeler image got Mr Tata thinking on safer forms of personal transport. Further, he always had an unconscious image of Mr Tata thinking on safer forms of personal transport. Further, he always had an unconscious image of Mr Tata thinking on safer forms of personal transport. Further, he always had an unconscious image of Mr Tata thinking on safer forms of personal transport.

Development of a personal, affordable, safe transport was the obvious option because of Tata Motors presence in automobile industry. Also as urbanisation gathered pace, personal transport was to become a major issue because mass transport was either not available or was of poor quality in all cities including metro. In an interview to Financial Times at the Geneva Motor Show in 2003 Mr Tata talked of his dream of producing a low cost car. When asked how much it would cost, the indicative price given was about ₹1 Lakh (₹1,00,000 or USD 2,500 assuming exchange rate as being USD1 = ₹40). The next day Financial Times carried a headline to the effect that Tatas were to produce a ₹1,00,000 car. Initially Mr Tata thought of rebuffing the new item but he laughed at the idea and wondered whether it would be any

Developed by Dr Rajan Sanyal, Sr Advisor to Chancellor and Director, University, Mumbai, India. The author acknowledges with gratitude Associate, SVKM's NMIMS University, Mumbai, India and Mr V. This case is to be used as the basis for a class discussion rather than an administrative/business situation. This case is based on public information that of Tata Motors. This is the first in the two-part series case on

Cases
Four cases have been provided at the end of the book intended at providing an insight into the decision making process in Indian market situations. Each could be related to several concepts discussed in various chapters of the text.

SUBJECT INDEX

- Acquisition profitability 62, 66
- Affluent customers 5, 9
- Allocating resources for profits 61
- Approaches to marketing planning 96
- Bargaining power
- Brand ambassador
- Brand valuation
- Business-to-business
- Case marketing
- Centric innovation
- CLV 54
- Co-producers
- Competition 7
- Entrepreneurial marketing 30
- Experience 46
- Formulated marketing 30

COMPANY INDEX

- Adlab's 542
- AIG 274
- Air Deccan 630
- Air India 92
- Air India Express 93
- Airtel 49
- Allstate 274
- American Express
- Amul 5
- Apollo 49
- Apollo Hospital
- Apple 17
- Archie 376
- Asian Paints
- Dabur 10
- Deccan Air 92
- DLH 25
- destinationindia.com 50
- Electrolux 4
- Everett M Rogers 299
- India Games 20
- Jeevadasi D. Gopalakrishnan and Michael J. Wolf 20
- Lotus 30, 34, 34, 220, 233-34, 285, 588
- Robert Watermans 580
- Saamson 77, 85
- Spiralinc 77
- Theodore Levitt 457, 244, 285
- Tom Petcoy 580, 581

Index
A three-level comprehensive Subject Index, a Company Index and Author Index would aid the readers in locating the entries in the right context in an accurate manner.

CONTENTS

<i>Preface to the Fifth Edition</i>	vii
<i>Preface to the First Edition</i>	ix
<i>Acknowledgements</i>	xi
<i>Visual Walkthrough</i>	xii
Chapter 1 Marketing Management Today	1
<i>Tata Shows The Way</i>	1
The Great Indian Market	2
Issues and Challenges in Marketing in India	4
Marketing as a Concept	10
Marketing Orientation and How Can it be Employed in Organisations	11
Types of Orientations Prevalent in Organisations	12
Marketing Orientation vis-a-vis Selling Orientation	12
Relationship Marketing	13
Focus on Internal Customer	15
Market Driven Organisations	17
Marketing as a 'Process'	18
The Needs, Wants and Demands of a Customer	19
Markets, Marketplace, Virtual and Metamarkets	19
Metamarkets	20
Interactive Technology and Marketing Mix	20
Marketing as a Managerial Function	21
<i>McDonald's in India</i>	21
Role of Marketing in Modern Organisations	23
Integrative Function of Marketing	23
Purpose of Marketing	24
Market Development	24
Customer Acquisition	26
Customer Retention	27
Customer Loyalty	28
Fighting Competition	28
Social Equity	28
The Marketing Mix	28
Marketing Tasks	30

Three Stages of Marketing Practice 30
 Entrepreneurial Marketing 30
 Formulated Marketing 30
 Intrapreneurial Marketing 31
 Customer Equity 31
 New Marketing Horizons 31
 Cause Marketing 31
 Summary 34
 Power Points 35
 Questions For Discussion 36
 Annexure: Green Marketing 38

Section 1
THE MARKETING ENVIRONMENT

Chapter 2 The Customer

Men Makeup 90% of the Mobile Web Users 43
 Customer Lifecycle and its Stages 44
 Prospects 45
 First Time Buyers 46
 Repeat Buyers 46
 Core Customers 47
 Defectors 48
 Customer Acquisition and Customer Retention 48
 Factors that Drive Customer Acquisition 48
 Altering Acquisition Rates 50
 Improving Retention Rates 50
 Customer Value and Value Maximisation Strategies 51
 Customer Value from Customer's Perspectives 51
 Experience as a Value 52
 Firm's Perspective of Customer Value 53
 Contemporary Model on Customer Value 54
 Value Creation by the Firm 54
 Customer Value and Relationship Marketing 55
 Customer Value and Loyalty 55
 Strategy for Customer Engagement 59
 Financial Dimensions of Customer Acquisition and Retention 60
 Costs and Profits in Customer Acquisition and Retention 60
 Summary 62
 Power Points 63
 Questions for Discussion 66

Chapter 3 The Competition

Nokia Loses to Samsung 67
 Significance of Competition 68

Factors Contributing to Enhanced Inter-Firm Rivalry 69
 Low Barriers 69
 Barriers to Entry and Exit in any Market 69
 Stages and Forms of Competition 71
 Stages of Competition 71
 Forces Driving/Shaping Competition 72
 Forms of Competition 73
 Framework for Competitive Analysis 74
 Analysing the Competitor Strengths and Weaknesses 74
 Customer's Perception of Competitors 76
 How Well Entrenched in a Segment 76
 Gaps Left by Competitors 76
 Competitor Profile Analysis 77
 Preparing a War Map 78
 Competitive Arena Mapping 79
 Segmentation Matrix 80
 Response to Competition 82
 Competition Based on Network 83
 Summary 84
 Power Points 85
 Questions For Discussion 86

Section 2
ASSEMBLING THE MARKETING TOOLBOX

Chapter 4 Marketing Planning

Tata Motors—ACE 89
 Market Opportunity 90
 Size of the Market 90
 Extent and Quality of Services Rendered by Competitors 94
 Marketing Programmes Required to Satisfy the Customer 94
 Identification of Key Success Factors and Linking to Firm's Strengths and Weaknesses 94
 Product-Market Selection 95
 Making Product-Market Choices 95
 Approaches to Marketing Planning 96
 Profit Impact of Marketing Strategies (PIMS) 96
 Portfolio Methods 98
 Structure of Marketing Plan 103
 Objectives 103
 Marketing Strategy 104
 Implementation Programme 104
 Projected Profit and Loss Statement 104
 Control Systems 104

Process of Marketing Planning	105	
Participation	105	
Scheduling	105	
Review	105	
Monitoring	105	
Summary	106	
Power Points	106	
Questions for Discussion	107	
Chapter 5 Marketing Research and Information Systems		108
Data and Information Key to Marketing Decisions	108	
Marketing Research in Taking Marketing Decision	109	
Marketing Research Process	111	
Problem Definition	111	
Statement of Research Objectives	114	
Research Design	114	
Sources of Data	115	
Sampling Procedure	119	
Data Collection	119	
Data Analysis	131	
Report and Presentation	132	
Applications of Marketing Research—Some Examples	132	
Retail Store Audit	132	
Product Testing	133	
Corporate Image Study	133	
Marketing Intelligence System	133	
Marketing Information Systems	135	
Decision Making	137	
Data Mining and Warehousing	138	
Data Warehousing	138	
Data Mining	139	
Data Mining and CRM	140	
Customer Relationship Management	140	
Standard Life	141	
Future Trends: Online Mining (OLM) and Web Mining (WM)	142	
Big Data	142	
Summary	143	
Power Points	144	
Questions For Discussion	145	
Chapter 6 Consumer Behaviour		146
Indian Consumer Market Likely to be World's Largest Consumer Market by 2030	146	
Indian Consumer Shaping the Market Opportunity	147	
Myths About the Consumer	148	
Buyer—An Enigma	150	
Online Buyer Behaviour	151	
What Does the Customer Buy?	154	
High Involvement Products	154	
Low Involvement Products	155	
Buying Situations	155	
Buyer Motivations	156	
Consumer Decision Making	161	
Market Values Sought by Users	162	
Market Values Sought by Decision Maker	163	
Market Values Sought by Buyers	164	
The Consumer Decision-making Process	164	
Influences on Buyer Behaviour	168	
Cultural Influences	168	
Social Influence	170	
Demographic Influences	171	
Growth of Urbanisation in India	171	
Self Concept	172	
Psychographic Variables	173	
Lifestyle	173	
Personality	174	
Tools to Study Buyer Behaviour	175	
Surveys	175	
Projective Techniques	175	
Focus Group Discussions	175	
Summary	176	
Power Points	176	
Questions for Discussion	177	
Chapter 7 Organisational Buying Behaviour		178
Vendor Development—The Case of Tata Motors	178	
Introduction	179	
How Does the Indian Industry Buy?	179	
Value Maximisation in Organisational Purchase	181	
Hierarchy of Customer Values	181	
Organisational Buyer Versus Consumer	184	
Factors Differentiating Organisational Buyer from a Household Buyer	184	
Organisational Customer	186	
Buying Centre	187	
Buying Criterion	188	
Decision Making Process	188	
Buying Situations	189	
Straight Rebuy	189	
Modified Rebuy	190	
New Task	190	
Influences on Buying Decisions	190	

- Impact of Technology on Organisational Purchase 192
 - Impact of ICT on Organisational Purchase Decisions 192
- Summary 197
- Power Points 198
- Questions for Discussion 199

Chapter 8 Segmenting and Targeting 200

- Fastrack Creates a New Paradigm in Youth Fashions* 200
- Segmentation and its Need 201
 - Definition 201
 - Need for Segmentation 201
- Basis for Segmentation 201
 - Bases for Segmenting the Market 201
 - Segmenting Industrial Markets 217
- Requirements for Effective Segmentation 220
 - Three Stages of Market Segmentation 220
 - Requirements for Effective Segmentation 220
- Targeting and Positioning Brand 221
 - Targeting and Positioning 221
- Summary 224
- Power Points 224
- Questions For Discussion 225

Chapter 9 Market Measurement and Demand Forecasting 226

- Titan Uses Advance Planning System For Forecasting The Market Demand* 226
- Introduction 227
- Key Terms in Forecasting 227
 - Markets to Study 227
- Tools for Estimating Future Market Demand 230
 - Qualitative Tools 230
 - Quantitative Techniques 231
- Tools for Estimating Current Demand 233
 - Market Potential Estimation 233
 - Territory Market Potential Estimation 233
 - Estimating Existing and Potential Customers 233
 - Industry Sales and Market Shares 234
- Summary 235
- Power Points 235
- Questions For Discussion 235

Section 3

CREATING OF CUSTOMER VALUE

Chapter 10 Product Management 239

- Innovation in Product Design—The Case of Samsung* 239
- Significance of Innovations and Environmental Impact Analysis 240

- Product Decisions 242
 - Product—Key Concepts 242
- Product Life Cycle 253
 - Why Profits Peak Before Sales Do 254
 - PLC: Conditions and Strategies in Different Phases 256
 - Why Changes Occur in the Product Life Cycle 259
 - Locating Products or Brands in their Life Cycles 263
- Emerging Issues in Product Policy 263
 - Adapting Products to Local Conditions 263
 - Threats from Duplication 264
 - Quality Improvement 265
 - Total Quality Management 267
 - Product Performance 268
- Ethics in Product Marketing 268
 - Unethical Behaviour Towards Customers 268
 - Product Liability 269
 - Product Compatibility with the Environment 269
- Summary 270
- Power Points 270
- Questions For Discussion 271

Chapter 11 New Product Decisions 273

- Tata's Nano Car—A New Approach to Product Development* 273
- Indian Market and New Product Development 274
 - Lessons from New Product Introductions Post 2000 277
- New Product 279
 - Factors Contributing to New Product Development 280
- New Product Development Process 281
 - Stage I: Idea Generation 281
 - Stage II: Identifying Prospects and Defining Target Markets 285
 - Stage III: Concept Development and Testing 285
 - Stage IV: Feasibility Analysis 287
 - Stage V: Product Development 287
 - Stage VI: Test Marketing 291
 - Stage VII: Commercialisation 291
- Branding Decisions 291
 - Manufacturer's Brand Policy or National Brand Policy 292
 - Distributor's or Store Brand Policy 293
 - Mixed Brand Policy 293
 - Positioning 293
- Innovations and New Product Development 297
 - Sources of Innovation 298
- Theory of Diffusion of an Innovation/New Product Idea 299
 - Innovators 299
 - Early Adopters 299

Early Majority and Late Majority	300
Laggards	300
Role of Opinion Leadership and Social Networks in New Product Diffusion	301
Organisation of New Products	301
Formation of Venture Groups	301
Marketing Department	301
R&D Department	302
Planning Department	302
Internet and New Product Development	302
Summary	303
Power Points	304
Questions For Discussion	305
Chapter 12 Brand Management and Decisions	306
<i>Managing Brands as Value Brand Assets</i>	306
Brands Connection with the Customers	307
Factors in Brand Power	310
Brand Equity	311
Brand Valuation	311
Brand Loyalty	315
Brand Awareness	317
Brand Associations	318
Perceived Quality	319
Other Proprietary Assets	319
Brand Building Process	320
Brand Environment	320
Brand Vision	321
Brand Values	322
Brand Objectives	323
Brand Strategy	324
Implementation Plan	324
Power of Internet and Brand Management	329
Word-of-Mouth Publicity	329
Brand Archetypes	330
Summary	330
Power Points	331
Questions For Discussion	332
Chapter 13 Customer Service	333
<i>Creating Sustainable Value through Customer Service</i>	333
Role and Significance of Customer Service in Corporate Strategy	334
Lessons from Service Leaders	334
Service Quality	336
Service Quality Parameters	336
Measurement of Service Quality	341

Organisational Issues in Delivering Service Quality	341
Developing a Shared Service Vision	341
Planning for Service	342
Role Clarity and Empowering People	344
Customer Service and Satisfaction is a Result of Team Work	344
Performance Measurement and Reward Systems	344
Research	344
Training of People	344
Summary	344
Power Points	345
Questions For Discussion	345
Chapter 14 Pricing Decisions	346
<i>Strategies to Attract and Retain Price Sensitive Customer</i>	346
Significance of Price in Marketing Decisions	348
Pricing Objectives of Different Firms	349
Maximise Current Profits and Return on Investment	349
Exploit Competitive Position	349
Survival in a Competitive Market	349
Balancing Price Over Product Line	350
Demand Estimation	350
Price Sensitivity	350
Pricing Decision Framework	352
Customer Demand	353
Costs	353
Corporate Objectives	355
Competitor Reactions	355
Government Policy	355
Barriers in the Industry	356
Pricing Methods and Procedures Used by Firms	356
Cost Oriented Method	356
Going Rate or 'Follow the Crowd'	357
Sealed Bid Pricing	357
Customer Oriented or Perceived Value Pricing	358
Pricing Strategies, Tactics, and Policies	359
Types of Pricing Strategies	360
Pricing Tactics	362
Ethics in Pricing Decisions	367
Consortium Pricing	367
Bid Rigging	368
Price Discrimination	368
Dumping	368
Summary	368
Power Points	369
Questions For Discussion	370

Section 4**COMMUNICATION AND DELIVERANCE OF CUSTOMER VALUE**

Chapter 15 Integrated Marketing Communications	373
<i>Education Institutions also Need to Communicate</i>	373
Introduction	374
Evolution of Integrated Marketing Communications	374
Factors Leading to Growth of IMC	374
Integrated Marketing Communication Process	375
Target Audience	375
Integrated Marketing Communication Models	377
Consumer Response and Integrated Communication Models	378
Communication/Presentation	380
Consumers Buy Images	385
Message Structure	391
Message Format	392
Source of the Message	392
Media Decisions	393
Measuring the Effectiveness of Marketing Communication	396
Elements of Marketing Communication	397
Elements of Marketing Communication Mix	397
Factors Guiding the Selection of a Promotion Mix	398
Integrated Marketing Planning Communication Process	398
Summary	400
Power Points	401
Questions For Discussion	401
Chapter 16 Advertising Management	402
<i>Advertising that Works</i>	402
Advertising In Brand Building	403
Institutional Framework In Advertising	405
Advertising Agencies	407
The Media	409
Advertising Decisions	409
Advertising Objectives	409
Budget	412
Copy Decisions	414
Copy Testing	416
Purchase Behaviour	418
Media Selection	418
Total Number of Exposures (E)	421
Weighted Number of Exposures	421
Tools for Measuring Advertising Effectiveness	421
New Media of Advertising	422

Online Advertising	422
Mobile Advertising	422
Ethics in Advertising	423
Ethical Standards in Advertising	423
Summary	425
Power Points	426
Questions For Discussion	427
Chapter 17 Sales Promotion and Public Relations	428
<i>Push the Brand</i>	428
Importance of Sales Promotion	429
Significance of Sales Promotion	430
Objectives of Sales Promotions	430
Trade Promotion	431
Sales Promotion and the Brand Life Cycle	433
Coordination Between Sales Promotion and Advertising and all Other Elements of the Promotion Mix	433
Sales Promotion and Brand Image	433
Significance of Public Relations in Image Building	434
Public Relations	434
Tools of Public Relation	435
Publicity	435
Issues Management	435
Lobbying	436
Investor Relations	436
Public Relations Management Process	436
Stage 1: Define the PR Problem	436
Stage 2: Plan the Public Relations Problem	437
Stage 3: Execution	438
Stage 4: Evaluation	438
Conclusion	438
Summary	438
Power Points	439
Questions For Discussion	439
Chapter 18 Managing the Sales Function	440
<i>Selling Future Benefits</i>	440
Challenges of Managing Sales Force	441
Role of a Sales Manager	442
Futurist	442
Strategist	442
Manager of Information	442
Leader of People	443
Sales Management Planning	443
Sales Budgets and Quotas	446

Manpower Planning	446
Organising the Sales Effort	448
Product Based	448
Territory Form	448
Sales Force Motivation	449
Monetary Compensation Plans	450
Control	451
Role of the Sales Person	452
Diagnostic	453
Analyst	453
Information Provider	453
Strategist	453
Tactician	453
Change Agent	454
Selling Theories	454
Stimulus Response Theory	454
Product Oriented Selling	455
Need Satisfaction Theory	456
Summary	457
Power Points	457
Questions For Discussion	458

Chapter 19 Managing the Distribution Function

<i>Pushing the Brand Across Geographies and Segments</i>	460
Introduction	461
Role of the Intermediaries	461
The New Role of Intermediaries	462
Factors Influencing Distribution Decisions	467
Determining Length of Distribution Channel	467
Factors Influencing Distribution Decisions	468
Evaluation of Channel Alternatives	472
Evolution of Channels	472
Channel Management	475
Channel Conflict	476
Motivating Channel Members	478
Planning a Market Driven Distribution System	479
Steps Involved in Designing Market Driven Distribution	479
Logistic Management	480
Traditional Logistics Management Approach versus Supply Chain Management	481
Logistics Decisions	482
Third Party Logistics—An Emerging Alternative	483
Summary	484
Power Points	485
Questions For Discussion	486

460

Chapter 20 Retail Management

<i>Indian Farmers' Mall</i>	487
Introduction	488
Drivers of Growth in Retailing Industry	490
Strategic Decision in Retail	490
Location Decision	490
Target Market Selection	491
Business Model	494
Merchandise Mix	495
Positioning the Retail Store	496
Wheel of Retailing	496
Why Wheel of Retailing?	497
Contemporary Challenges in Retail Industry	499
Non-store Retailers	499
Customer Service	500
Promotion Decision	500
Global Retailing	500
Information Technology and Retailing	501
Emergence of Global Retailing	501
Summary	502
Power Points	502
Questions For Discussion	504

Chapter 21 Direct Marketing

<i>Amway Alters Customer Experience</i>	505
Direct Marketing	506
What is Direct Marketing	507
Database Development	508
Direct Marketing Mix	509
Communication Programme	509
Customer Service	510
Timing and Sequencing	510
Direct Marketing Model	510
How Does Direct Marketing Work?	510
Future of Direct Marketing In India	511
Reaching Out to Non-metro/Non-urban Markets	511
Enhancing Credibility of the Offer	511
Wider use of Debit and Credit Card	512
Emergence of Specialised Database Firms	512
Summary	512
Power Points	512
Questions For Discussion	513

487

505

Section 5**CREATING SUSTAINABLE COMPETITIVE VALUE AND GROWTH**

517

Chapter 22 Marketing Strategy*Coca Cola Reinvents Itself to Stay Relevant* 517

Introduction 518

Innovations and Market Share 519

Changes in the Marketing Process 519

Strategic Orientation in Marketing 521

Understanding Markets 522

Finding Market Niches 522

Product and Service Planning 522

Distribution 523

Managing for Results 524

Marketing Strategy 524

Routes to Value Added Marketing Strategy (VAMS) 525

Segmentation 525

Mass Customisation 526

Value Addition 527

Marketing Strategy Model 531

Product Market Fit 531

Experience Marketing 534

How can a Firm Create this Experience? 535

Competition Oriented Marketing Strategies 537

Value Chain Analysis 538

Cost Leadership 540

Differentiation 541

Focus 543

Innovation Strategies 544

How Can a Firm Create Value Innovation? 545

Principles of Marketing Warfare 545

Defensive Warfare 545

Offensive Warfare 546

Flanking Warfare 547

Guerilla Warfare 547

Summary 548

Power Points 548

Questions For Discussion 549

Chapter 23 Customer Relationship Management*Complaint Management—A Tool to Customer Loyalty* 550

Introduction 551

Customer Relationship Management 551

550

Customer Loyalty as a Goal 552

Return on Customer Segment/Account as a Goal 554

Loyalty Development 554

Customer Relationship Management Process 557

Data Mining and Warehousing 557

Organisational Structure 558

Technology 559

People 560

Measuring Customer Relationship Management 560

Balanced Score Card 561

Catalytic Measure 561

Summary 562

Power Points 562

Questions For Discussion 563

Chapter 24 Marketing Organisation

564

L'Oréal Stays Ahead of Competition Through Innovation 564

Contemporary Economic Developments Impacting Marketing Organisation 565

Outsourcing of Marketing Operations 565

Franchising Brands 565

Networked Organisation 565

Relationship Management 567

Internal Marketing 567

Global Marketing 568

Issues in Marketing Organisation Structure 568

Goals and Focus of the Strategy 568

Key Competencies 569

Controls 569

Integrating Customers 570

Characteristics of Innovative Organisation 570

Approaches to Organisational Structuring 572

Functional Organisation 573

Territorialisation 574

Matrix Form 574

Contingency Theory 575

Summary 578

Power Points 578

Questions For Discussion 579

Chapter 25 Marketing Performance and Control

582

The Right Ingredients of Performance—For the Great Taste of Success 582

Introduction 583

Marketing Strategy And Implementation 583

Leadership 584

- Framework for Cultural Change 584
- Overcoming Implementation Problems 585
- What to Measure in Marketing? 585
- Tools of Measuring Marketing Performance 588
 - Annual Plan Control 588
 - Profitability Control 590
 - Efficiency Control 592
 - Strategic Control 593
- Summary 594
- Power Points 594
- Questions For Discussion 595

Section 6
BROADENING HORIZONS

Chapter 26 Global Marketing 599

- Making of an Indian Global Company—The case of Dr. Reddy's Laboratories* 599
- Introduction 600
- Rationale and Implications of Globalisation 601
 - Rationale for Globalisation 601
 - Implications of Globalisation 603
- Firm Orientation 604
 - Ethnocentric Orientation (E) 604
 - Polycentric Orientation (P) 605
 - Regiocentricism Orientation (R) 605
 - Geocentric Orientation (G) 606
 - Principal Driving Force in Global Marketing 606
- Key Decisions in Global Marketing 607
 - Parameters 607
 - Decision Making for Global Marketing 609
 - Product Strategy for Global Markets 612
- Rise of Global Giants from Emerging Economies 615
 - Understanding the Growth of Emerging Markets' Global Firms 615
- Organising for Global Marketing 617
 - The Role and Impact of ICT on Global Marketing 617
- Summary 617
- Power Points 618
- Questions For Discussion 619

Chapter 27 Service Marketing 620

- Flying People . . . so the Sky's the Limit* 620
- Scope and Paradigms in Services Marketing 622
 - What is Included in Services Marketing? 622
 - Paradigms in Services Marketing 624

- Characteristics of Service Marketing 629
 - Intangibility 629
 - Low Price Sensitivity 630
 - No Inventory 630
 - Value Creation Process 631
 - Tangibility 631
- Customer Expectations and Zone of Tolerance 631
 - Understanding Customer Expectations and Zone of Tolerance 631
 - Role of Service Employees 633
 - Role of the Customer 634
 - Segmentation and Zone of Tolerance 634
- Services Marketing Mix 635
 - Augmented Marketing Mix 635
 - Product Planning 636
 - Pricing Strategies 639
 - Distribution 640
 - Role of Communication 641
- Summary 641
- Power Points 642
- Questions For Discussion 643

Chapter 28 Rural Marketing 644

- Technology in Rural Markets* 644
- Introduction 645
- Importance of Rural Markets 645
 - Increasing Competition in Urban Markets 645
 - Socioeconomic Changes in Rural India 645
 - Information Technology Reaches Rural India 646
 - Income Generation through Self-Help Groups 647
 - Access More Important Than Ownership 647
 - Facts About Rural Markets 648
 - Size of the Rural Market 648
- Rural Consumer 649
 - Myths about Rural Market 649
 - Education Profile 651
 - Low Income Levels 652
 - Occupations 652
 - Reference Groups 652
 - Media Habits 653
 - Brand Conscious Customer 653
 - Value for Money 653
 - Understanding the Rural Consumers 654
- Marketing Mix for the Rural Markets 654
 - Product Decisions 654

Pricing Decision	657
Promotion Decisions	657
Distribution	657
Relationship Management	658
Summary	659
Power Points	659
Questions For Discussion	660

Section 7 CASES

Case 1	Nano—A Dream Car For The Poor	663
Case 2	Jaago Re! One Billion People	680
Case 3	Fabindia—Fabric of India	690
Case 4	Staying Hearty and Healthy—The Saffola Way	699
Endnotes		711
References		717
Bibliography		725
Author Index		811
Company Index		812
Subject Index		815

MARKETING MANAGEMENT TODAY

CHAPTER

1

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

- L01** Explain the changing Indian market and innovation challenges
- L02** Describe the new marketing concepts and the significance of social networks in the Great Indian Market
- L03** Distinguish between types of orientations prevalent in organisations
- L04** Describe the evolution of the contemporary marketing process
- L05** Explain the purpose of marketing
- L06** Interpret the concept of marketing mix and its relevance in competitive advantage
- L07** Explain new marketing horizons

In Practice

Tata Shows The Way

In the fast changing world of ours, consumers continuously want improved products at lower prices at their doorsteps. It is here that innovation plays a significant role and can provide to the firm the desired competitive advantage. Innovation often leads to redesigning the market strategy.

In the last decade, Tata Group has been at the forefront of innovations and customisation of products and services for the Indian market. Whether it was the micro-commercial vehicle like Tata Ace or Tata Nano, the group has shown that India responds to innovative solutions which are customised to the needs of the market.

One such example from the Tata Group is that of introduction of Swach—water purifier. The story goes that in early 2000 scientists in Tata Consultancy Service (TCS), Material Sciences Laboratory in Pune discovered the purification property of rice husk ash which could be used for purifying water. This development did not find any takers, until 2004 when Tsunami hit Southern India

25. Reddy, P Indrasena, "Rural Marketing in India—Problems and Prospects", *Indian Journal of Marketing*, 25, no. 2-3, (Feb-Mar 1996), p23-26.
26. Sarkar, D. N., Pareek, G. (2012). Wholesale model of rural distribution in FMCG: A quantitative study of factors. *International Journal of Management Research and Reviews*, 2(8), 1347-59.
27. Sarkar, D. N., Pareek, G. (2013). Rural marketing mix in Bhutan: An FMCG perspective. *IUP Journal of Management Research*, 12(3), 7-28.
28. Satyanarayana, P. V. V. (2014). Rural marketing of selected fast moving consumer goods in Andhra Pradesh. *International Journal of Retailing & Rural Business Perspectives*, 3(3), 1158-65.
29. Sharma, Keshav; Gupta, Deepak R and Manhas, Parikshat Singh, "Rural marketing challenges in the new millennium", *Pranjana*, 5, no. 2, (Jul-Dec 2002), p. 77-82.
30. Shekhar, S., & Say, S. B. (2013). Economic reforms & changing face of rural marketing. *Anusandhanika*, 5(1), 108-13.
31. Shukre, A. (2013). Rural marketing (2nd edition). *Vision*, 17(1), 99-100.
32. Siddique, S., Siddique, R. A. (2012). Rural marketing in India: opportunities, challenges and strategies. *International Journal of Retailing & Rural Business Perspectives*, 1(2), 142-47.
33. Singhal, S., Rathi, P., Bhardwaj, A. (2013). Challenge in rural marketing for FMCG sector. *International Journal of Retailing & Rural Business Perspectives*, 2(3), 547-54.
34. Sinha, A. (2014). Trends in rural marketing in India. *International Journal of Retailing & Rural Business Perspectives*, 3(3), 1079-82.
35. Sridhar, G., Mishra, D. (2011). Executives social representation of rurality and product adaptation. *Asia Pacific Journal of Marketing and Logistics*, 23(3), 285-303.
36. Srivastava, P., & Kumar, R. (2013). A study of consumer behaviour that influence purchase decision of FMCG products in rural markets of Uttar Pradesh. *International Journal of Retailing & Rural Business Perspectives*, 2(3), 541-6.
37. Suri, R.G. and Sudan, A.S., "Rural marketing—some issues", *Indian Journal of Marketing*, 33, no. 10, (October 2003), p.22-24.
38. Verma, S. K. (2013). Rural marketing in India. *Anusandhanika*, 5(1), 16-22.
39. Verma, Sanjay and Srivastav, S.K., "Rural Marketing—advertising in search of a role", *Foreign Trade Review*, 27, no. 2, (Apr-June 1992), p.95-102.
40. Vishwanatham, V., "Rural marketing hawking—an important mode of distribution", *P.U. Management Review*, 13, (1991-92), p.71-76.

AUTHOR INDEX

- | | |
|---|-------------------------------|
| Bonoma 592 | Robert Watermans 580 |
| Eric von Hippel 298 | Sammon 77, 85 |
| Everett M Rogers 299 | Spitlanic 77 |
| Jonathan R. Copulsky and Michael J. Wolf 20 | Theodore Levitt 457, 244, 285 |
| Kotler 30, 34, 34, 220, 233-34, 285, 588 | Tom Peters 580, 581 |
| Kurland 77 | |

COMPANY INDEX

- Adlab's 542
 AIG 274
 Air Deccan 630
 Air India 92
 Air India Express 92
 Airtel 49
 Allianz 274
 Amazon.com 17
 American Express 17
 Amul 5
 Apollo 49
 Apollo Hospital 49
 Apple 17
 Archies 276
 Asian Paints 10

 Bajaj 89
 Bajaj Auto 137
 Barista 8
 Bharat Forge 8
 Bharat Sanchar Nigam Limited (BSNL) 14
 Big Bazaar 52
 Biotique 9
 Birla 274
 BMW 17
 BPL 223
 British Airways 629

 Café Coffee Day 53
 Cartier 5
 CavinKare 265
 CBS 29
 Citibank 116
 CNN IBN 278
 Coca Cola 8
 Coke 18
 Colgate 25
 Cromax 240
 CRS Health 280

 Dabur 10
 Deccan Air 92
 Dell 25
 destinationindia.com 50
 Domino's Pizzas 14
 Dr Reddy's Labs 599
 Dr. Lal 7

 Eicher 89
 Ermenegildo 5
 Eureka Forbes 68

 Fame Adlabs 542
 FedEx 17
 Food Bazaar 498
 Food Specialities Limited 11
 Fortis 49

 General Motors 166
 Go Air 247
 Godrej 11
 Goldman Sachs 575, 610
 Google 6
 Gucci 5

 Haier 608
 HDFC 57
 HDFC Bank 12
 Health and Glow 280
 Himalaya 280
 Hindustan Lever 2
 Hindustan Motors 12
 Hindustan Motors and Premier Automobiles 166
 Hindustan Times 5
 HLL 81
 HMV's 29
 Honda 38
 HSBC 610
 Hyundai 74

 IBM 17
 ICICI 140
 ICICI Bank 12
 IIMs 8
 IITs 8
 IMRB 201
 Indian Railways 5
 Indian Railways Catering and Travel Corporation, I 54
 Indigo 347
 Infosys 8
 Intel 49
 Ion Exchange 279
 ITC 245
 ITC's e-chaupal 5

 Jet Airways 14
 Jimmy Choo 5
 Johnson and Johnson 11

 Kellogg 262
 Kingfisher 47
 Kingfisher Airlines 47, 576, 577
 Kitchens of India 8

 L.N. Mittal group 8
 Leela 8
 Lehman Brothers 575
 Levi Strauss 277
 Levi Strauss India Pvt. Ltd 277
 LG 5
 Life Insurance Corporation of India 276
 Life spring 280
 Lifestyle 502
 Lintas 406
 Lipton 11
 L'Oréal P&G 280

 M&M 89
 Maggi 11
 Mahanagar Telephone Nigam Limited (MTNL) 14
 Mahindra 488
 Mahindra & Mahindra 309
 makmytrip.com 152
 MARG 201
 Marico 10
 Maruti 12
 Matsushita's 280
 Merrill Lynch in U.S.A. 575
 Microsoft 8
 Monsanto 49

 Motorola 181
 MRF 75
 Music India 29

 Nestle 17
 Nirma 2
 Nissan 5
 NMIMS 89
 Nokia 25

 Onida 5
 Orchid 8

 P&G 329
 Paras 280
 Parle 70
 Pepsi 10
 Pfizer 49
 Phillip 492
 Premier Automobiles 12
 Procter and Gamble 11
 PVR 49

 Ranbaxy 7
 Raymond's 57
 Reliance 30
 Reliance Fresh 499

 Samsung 57
 Samsung and LG 241, 589
 Shaadi.com 422
 Shahnaz Hussain 324
 Shoppers' Stop 57
 SIEBAL 568
 Singapore Airlines 17
 Sony 5
 Spice Jet 92
 Starbucks 17
 State Bank of India 74
 Subhiksha 498
 Sunlife 274
 Suzuki 248

 T-Series 29
 Taj 5
 Taj Hotels 5
 Tata 5
 Tata Corus 8
 Tata Motors 89, 178, 273
 Tata Sky 8

Tesco 498
 Timex Watches 278
 Titan 281
 Toyota 19
 travelguru.com 50
 TVS 284

 Unilever 2

 Venus 29
 Videocon 5
 Vijay Sales 240
 Villa Moda 5

Vodafone 46
 Voltas 247

 Wal-Mart 138
 Whirlpool 284
 Wikipedia 44, 46, 298, 528, 574
 Wipro 8
 Wockhardt 49

 Xerox 333

 Zee (DishTV) 8
 Zee TV 32

SUBJECT INDEX

Acquisition profitability 62, 66
 Affluent customers 5, 9
 Allocating resources for profits 61
 Approaches to marketing planning 96

 Bargaining power 83
 Brand ambassador 8
 Brand valuation 311
 Bureaucratic control 577

 Cause marketing 31
 Centric innovations 298
 CLV 54
 Co-producers 298
 Competition 7, 28, 67
 Competition oriented 545
 Competitive differentiation 223, 309
 Consumer communities 7
 Consumer lifestyle 280
 Consumer orientation 77
 Convergence of technologies 284, 326
 Cost of acquisition and retention 61
 Customer acquisition 26, 48, 60
 Customer DNA profile 594
 Customer equity 31
 Customer orientation 10
 Customer value 26, 51, 53, 54
 Customer value and loyalty 55
 Customers 47
 Customer's lifetime value 14
 Customisation 534

 DART 54
 Demographic shifts 72
 Diffusion of an Innovation 283
 Enhancing access 7

 Entrepreneurial marketing 30
 Experience 46

 Formulated marketing 30

 Idea generation 281
 Indian market 2
 Innovate 9
 Innovation 527, 552, 9
 Integration of technology 278
 Integrative function 23
 Intrapreneurial marketing 31
 Involving the customer 278

 LTV 14, 15

 Managing alliances and network 278
 Market environment 24
 Marketing analytics 594
 Marketing culture 11
 Marketing mix 29, 28
 Marketing orientation 11
 Marketing systems 11, 74, 474
 Micro finance 6

 Network driven 83, 84
 New product 279
 New product development 274

 Panoptic control 577
 Poor market 5
 PPP 5
 Process of marketing planning 105
 Product failures 276
 Product Market selection 106

 Relationship marketing 13, 55

 Self help groups 655