MARKETING MANAGEMENT (8^{TH} SEM)

MODULE-II

SHORT QUESTIONS: Each carries two marks.

1. Define the term Brand Equity & Co-Branding.
2. Define PLC
3. Define the term "market positioning" in context to a consumer product.
4. What do you mean by short-term forecasting tools
5. Differentiate between consumer products and business products
6. What do you understand by Customer Lifetime Value(CLV)
7. What are the bases of segmenting an industrial market.
8. Mention three qualitative tools of forecasting
9. Define product line
10. What is Delphi technique
11. Buyers are divided into different groups basing on life styles. This comes under which type of segmentation
12. A toothpaste marketer has segmented his markets(customers) as freshness seekers, dental health seekers etc. Which type of segmentation is the company following?

LONG QUSETIONS:

1.

(a) Define Product Life Cycle(PLC) as a marketing tool. [5]

(b) Outline the various stages in new product development by suggesting a flowchart diagram for the same. [5]

2.

(a) What is meant by Product Differentiation ? Compare the advantages of product differentiation and market segmentation. [5]

(b) Explain the concept of Product Packaging and Labelling with reference to its distribution channel? What are the different branding strategies. [5]

3. What is the need of segmenting a market? Write down the bases of segmenting a consumer market by giving suitable examples. [10]

4. What is Demand Forecasting? Discuss the different methods usually used in forecasting market demand. [10]

5.

(a) Explain Target Market Strategies [5]

(b) Define Product Mix and discuss its dimensions. [5]

MODULE –II

SHORT ANSWERS:

1. Brand Equity means the value premium that a company realizes from a product with a recognizable name as compared to its generic equivalent. Companies can create brand equity for their products by making them memorable, easily recognizable and superior in quality and reliability. Co-branding is the practice of using multiple brand names together on a single product or service. The term can also refer to the display of multiple brand names or corporate logo s on a single Web site, so that people who visit the site see it as a joint enterprise.
2. The product life cycle is a marketing theory cycle or succession of strategies experienced by every product which begins with a product's introduction, sometimes referenced as research and development, followed by its sales growth, then maturity and finally market saturation and decline. In other words, it is the period of time over which an item is developed, brought to market and eventually removed from the market.
3. An effort to influence consumer perception of a brand or product relative to the perception of competing brands or products. Its objective is to occupy a clear, unique, and advantageous position in the consumer's mind.
4. Short –term forecasting focuses on current events both domestically and internationally. The short term forecast tools are:
    - Weekly or monthly horizon
    - Daily & weekly time bucket
    - Inexpensive & Quick methods
        - Accuracy importance
        - Trumpet of doom
5. Consumer products are products purchased for personal, family, or household use. They are often grouped into four subcategories on the basis of consumer buying habits: convenience products, shopping products, specialty products and unsought products.
   Business products are products and services that companies purchase to produce their own products or to operate their business. Unlike consumer products, business products are classified on the basis of their use rather than customer buying habits. These products are divided into six subcategories: installations; accessory equipment; raw materials; component parts and processed materials; maintenance, repair, and operating supplies; and business services.
6. In marketing, customer lifetime value (CLV) (or often CLTV), lifetime customer value (LCV), or user lifetime value (LTV) is a prediction of the net profit attributed to the entire future relationship with a customer. The prediction model can have varying levels of sophistication and accuracy, ranging from a crude heuristic to the use of complex predictive analytics techniques.
7. The following factors should be borne in mind to segment industrial market.

- **Demographic factors:** The type of industries to which the goods sold the size of the companies and geographical area shall be the demographic factors to which attention should be paid.
- **Purchasing approach factors:**The purchasing policies of the company, the power structure., financial soundness, technological soundness have an impact in market segmentation.
- **Situational factors:** Some industries may require sudden (or) immediate delivery of the product. The product sometimes may serve only a single purpose

- **Personal characteristics:** The industrial customer may have the similar (or) different values than the marketer. Some industrial customers may be enterprising and risk-taking where as some may be conservative and cautions.

8. The three qualitative forecasting methods are executive opinions, the Delphi method and sales-force polling:

1. Executive Opinions:- The subjective views of executives or experts from sales, production, finance, purchasing, and administration are averaged to generate a forecast about future sales. Usually this method is used in conjunction with some quantitative method, such as trend extrapolation.

2. Delphi Method:- This is a group technique in which a panel of experts is questioned individually about their perceptions of future events. The experts do not meet as a group, in order to reduce the possibility that consensus is reached because of dominant personality factors.

3. Sales Force Polling:- Some companies use as a forecast source salespeople who have continual contacts with customers. They believe that the salespeople who are closest to the ultimate customers may have significant insights regarding the state of the future market.

9. A group of related products manufactured by a single company. For example, a cosmetic company's makeup product line might include foundation, concealer, powder, blush, eyeliner, eyeshadow, mascara and lipstick products that are all closely related. The same company might also offer more than one product line.

10. Delphi Method:-This is a group technique in which a panel of experts is questioned individually about their perceptions of future events. The experts do not meet as a group, in order to reduce the possibility that consensus is reached because of dominant personality factors. Instead, the forecasts and accompanying arguments are summarized by an outside party and returned to the experts along with further questions. This continues until a consensus is reached.

11. Psychographic segmentation groups customers according to their lifestyle. Activities, interests, and opinions (AIO) surveys are one tool for measuring lifestyle. Some psychographic variables include:

- Activities
- Interests
- Opinions
- Attitudes
- Values

12. Behavioral segmentation is based on actual customer behavior toward products. Some behavioralistic variables include:

- Benefits sought
- Usage rate
- Brand loyalty
- User status: potential, first-time, regular, etc.
- Readiness to buy
- Occasions: holidays and events that stimulate purchases

LONG ANSWERS:

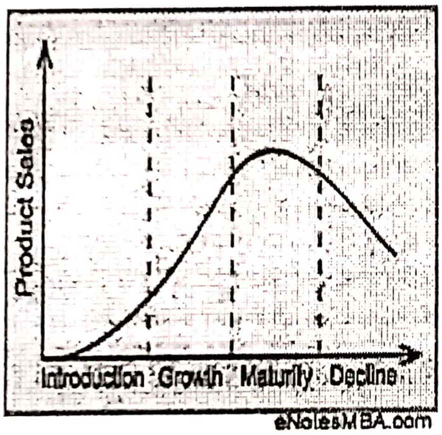
1.

(a) We have a life cycle, we are born, we grow, we mature, and finally we pass away. Similarly, products also have life cycle, from their introduction to decline they progresses through a sequence of stages. The major stages of the product life cycle are - introduction, growth, maturity, and decline. Product life cycle describes transition of a product from its development to decline.

The time period of product life cycle and the length of each stage varies from product to product. Life cycle of one product can be over in few months, and of another product may last for many years. One product reach to maturity in years and another can reach it in few months. One product stay at the maturity for years and another just for few months. Hence, it is true to say that length of each stage varies from product to product.

Product life cycle is associated with variation in the marketing situation, level of competition, product demand, consumer understanding, etc., thus marketing managers have to change the marketing strategy and the marketing mix accordingly.

Product life cycle can be defined as *"the change in sales volume of a specific product offered by an organisation, over the expected life of the product."*



Stages of the Product Life Cycle

The four major stages of the product life cycle are as follows :-

1. Introduction,
2. Growth,
3. Maturity, and
4. Decline.

Introduction Stage

At this stage the product is new to the market and few potential customers are aware with the existence of product. The price is generally high. The sales of the product is low or may be restricted to early adopters. Profits are often low or losses are being made, this is because of the high advertising cost and repayment of developmental cost. At the introductory stage :-

- The product is unknown,
- The price is generally high,
- The placement is selective, and
- The promotion is informative and personalised.

Growth Stage

At this stage the product is becoming more widely known and acceptable in the market. Marketing is done to strengthen brand and develop an image for the product. Prices may start to fall as competitors enters the market. With the increase in sales, profit may start to be earned, but advertising cost remains high. At the growth stage :-

- The product is more widely known and consumed,
- The sales volume increases,
- The price begin to decline with the entry of new players,
- The placement becomes more widely spread, and
- The promotion is focused on brand development and product image formation.

Maturity Stage

At this stage the product is competing with alternatives. Sales and profits are at their peak. Product range may be extended, by adding both withe and depth. With the increases in competition the price reaches to its lowest point. Advertising is done to reinforce the product image in the consumer's minds to increase repeat purchases. At maturity stage :-

- The product is competing with alternatives,
- The sales are at their peak,
- The prices reaches to its lowest point,
- The placement is intense, and
- The promotion is focused on repeat purchasing.

Decline Stage

At this stage sales start to fall fast as a result product range is reduced. The product faces reduced competition as many players have left the market and it is expected that no new competitor will enter the market. Advertising cost is also reduced. Concentration is on remaining market niches as some price stability is expected there. Each product sold could be profitable as developmental costs have been paid at earlier stage. With the reduction in sales volume overall profit will also reduce. At decline stage :-

- The product faces reduced competition,
- The sales volume reduces,
- The price is likely to fall,
- The placement is selective, and
- The promotion is focused on reminding.

(b) Product development process is a crucial process for the success and survival of any business. Today, businesses are operating in a highly dynamic and competitive environment. Business organisations have to continuously update their products to conform to current trends. The product development process starts from idea generation and ends with product development and commercialisation. Following are the steps in the process of product development.

The New Product Development Process

Idea generation
↓
Idea Screening
↓
Concept development and testing
↓
Business Analysis
↓
Product development
↓
Test Marketing
↓
Commercialization
↓
Monitoring & Evaluation

1. **Idea Generation** - The first step of product development is Idea Generation that is identification of new products required to be developed considering consumer needs and demands. Idea generation is done through research of market sources like consumer liking, disliking, and competitor policies. Various methods are available for idea generation like - Brain Storming, Delphi Method, or Focus Group.
2. **Idea Screening** - The second step in the process of product development is Idea Screening that is selecting the best idea among the ideas generated at the first step. As the resources are limited, so all the ideas are not converted to products. Most promising idea is kept for the next stage.
3. **Concept Development** - At this step the selected idea is moved into development process. For the selected idea different product concepts are developed. Out of several product concepts the most suitable concept is selected and introduced to a focus group of customers to understand their reaction. For **example** - in auto expos different concept cars are presented, these models are not the actual product, they are just to describe the concept say electric, hybrid, sport, fuel efficient, environment friendly, etc.
4. **Market Strategy Development** - At this step the market strategies are developed to evaluate market size, product demand, growth potential, and profit estimation for initial years. Further it includes launch of product, selection of distribution channel, budgetary requirements, etc.
5. **Business Analysis** - At this step business analysis for the new product is done. Business analysis includes - estimation of sales, frequency of purchases, nature of business, production and distribution related costs and expenses, and estimation of profit.
6. **Product Development** - At this step the concept moves to production of finalised product. Decisions are taken from operational point of view whether the product is technically and commercially feasible to produce. Here the research and development department develop a physical product.
7. **Test Marketing** - Now the product is ready to be launched in market with brand name, packaging, and pricing. Initially the product is launched in a test market. Before full scale launching the product is exposed to a carefully chosen sample of the population, called test market. If the product is found acceptable in test market the product is ready to be launched in target market.
8. **Commertialisation** - Here the product is launched across target market with a proper market strategy and plan. This is called commercialisation phase of product development.

2.

(a) Product differentiation is a marketing strategy that involves making distinct changes in goods or services to make them stand out from others in the market. There are two two types of product differentiation: horizontal and vertical. In horizontal differentiation, the goods differ, but their prices are almost similar. Goods in vertical differentiation differ in quality, and customers prefer one brand to the other despite the price variations.

Comparing the advantages of product differentiation and market segmentation

Product Differentiation:- A small business can differentiate its product using marketing techniques, by physically changing the product or by changing the price. Using marketing, one can create a brand or image in the mind of consumers by pointing out the difference between his product and those of competitors. For example, your advertising can show that while your product may cost the same as your competitor's, it lasts longer, making it less expensive to use. If you sell tennis shoes, you can reinforce the toes, making it a longer-lasting shoe that appeals to frequent players who wear out their shoes. Lowering or raising the price of a product differentiates you from your competition.

Market Segmentation:- Because consumers have different needs, even when shopping for the same product, it's important to know who is buying your product. This will help you to plan your marketing, product development and pricing. You can sell a higher-priced version of your product with extra features in specialty stores to attract young, affluent singles, and sell another version with fewer features at a lower cost to young families or seniors. You can sell one version of your product to consumers, and another to businesses.

(b) Packaging is the technology of enclosing or protecting products for distribution, storage, sale, and use. Packaging also refers to the process of design, evaluation, and production of packages. Packaging can be described as a coordinated system of preparing goods for transport, warehousing, logistics, sale, and end use. Package labeling (American English) or labelling (British English) is any written, electronic, or graphic communication on the package or on a separate but associated label.

Packaging and package labeling have several objectives as follows:

- Physical protection – The objects enclosed in the package may require protection from, among other things, mechanical shock, vibration, electrostatic discharge, compression, temperature, etc.
- Barrier protection – A barrier from oxygen, water vapor, dust, etc., is often required. Permeation is a critical factor in design.
- Containment or agglomeration – Small objects are typically grouped together in one package for reasons of efficiency. For example, a single box of 1000 pencils requires less physical handling than 1000 single pencils. Liquids, powders, and granular materials need containment.
- Information transmission – Packages and labels communicate how to use, transport, recycle, or dispose of the package or product. With pharmaceuticals, food, medical, and chemical products, some types of information are required by governments. Some packages and labels also are used for track and trace purposes. Most items include their serial and lot numbers on the packaging, and in the case of food products, medicine, and some chemicals the packaging often contains an expiry/best-before date, usually in a shorthand form. Packages may indicate their material with a symbol.
- Marketing – The packaging and labels can be used by marketers to encourage potential buyers to purchase the product. Marketing communications and graphic design are applied to the surface of the package and (in many cases) the point of sale display. Most packaging is designed to reflect the brand's message and identity.
- Security – Packaging can play an important role in reducing the security risks of shipment. Packages can be made with improved tamper resistance to deter tampering and also can have tamper-evident features to help indicate tampering.
- Convenience – Packages can have features that add convenience in distribution, handling, stacking, display, sale, opening, reclosing, use, dispensing, reuse, recycling, and ease of disposal

The different branding strategies are as follows:

Company name:- Often, especially in the industrial sector, it is just the company's name which is promoted, leading to one of the most powerful statements of branding: saying just before the company's downgrading. In this case a strong brand name (or company name) is made the vehicle for a range of products (for example, Mercedes-Benz or Black & Decker) or a range of subsidiary brands (such as Cadbury Dairy Milk, Cadbury Flake or Cadbury Fingers in the UK).

Individual branding:- Each brand has a separate name (such as Seven-Up, Kool-Aid or Nivea Sun (Beiersdorf)), which may compete against other brands from the same company (for example, Persil, Omo, Surf and Lynx are all owned by Unilever).

Attitude branding and iconic brands:- Attitude branding is the choice to represent a larger feeling, which is not necessarily connected with the product or consumption of the product at all. Marketing labeled as attitude branding include that of Nike, Starbucks, The Body Shop, Safeway, and Apple Inc. Iconic brands are defined as having aspects that contribute to consumer's self-expression and personal identity. Brands whose value to consumers comes primarily from having identity value are said to be "identity brands". Some of these brands have such a strong identity that they become more or less cultural icons which makes them "iconic brands". Examples are: Apple, Nike and Harley Davidson.

"No-brand" branding:- This no-brand strategy means that little is spent on advertisement or classical marketing and Muji's success is attributed to the word-of-mouth, a simple shopping experience and the anti-brand movement. "No brand" branding may be construed as a type of branding as the product is made conspicuous through the absence of a brand name.

Derived brands:- In this case the supplier of a key component, used by a number of suppliers of the end-product, may wish to guarantee its own position by promoting that component as a brand in its own right. The most frequently quoted example is Intel, which positions itself in the PC market with the slogan (and sticker) "Intel Inside".

Brand extension and brand dilution:- The existing strong brand name can be used as a vehicle for new or modified products; for example, many fashion and designer companies extended brands into fragrances, shoes and accessories, home textile, home decor, luggage, (sun-) glasses, furniture, hotels, etc.

Nation branding (place branding and public diplomacy):- Nation branding is a field of theory and practice which aims to measure, build and manage the reputation of countries (closely related to place branding). Some approaches applied, such as an increasing importance on the symbolic value of products, have led countries to emphasise their distinctive characteristics.

3.

The Need for Market Segmentation:

The marketing concept calls for understanding customers and satisfying their needs better than the competition. But different customers have different needs, and it rarely is possible to satisfy all customers by treating them alike.

Mass marketing refers to treatment of the market as a homogenous group and offering the same marketing mix to all customers. Mass marketing allows economies of scale to be realized through mass production, mass distribution, and mass communication. The drawback of mass marketing is that customer needs and preferences differ and the same offering is unlikely to be viewed as optimal by all customers.

Target marketing on the other hand recognizes the diversity of customers and does not try to please all of them with the same offering. The first step in target marketing is to identify different market segments and their needs.

Bases for Segmentation in Consumer Markets

Consumer markets can be segmented on the following customer characteristics.

- Geographic
- Demographic
- Psychographic
- Behavioralistic

Geographic Segmentation

The following are some examples of geographic variables often used in segmentation.

- Region: by continent, country, state, or even neighborhood
- Size of metropolitan area: segmented according to size of population
- Population density: often classified as urban, suburban, or rural
- Climate: according to weather patterns common to certain geographic regions

Demographic Segmentation

Some demographic segmentation variables include:

- Age
- Gender
- Family size
- Family lifecycle
- Generation: baby-boomers, Generation X, etc.
- Income
- Occupation
- Education
- Ethnicity
- Nationality
- Religion
- Social class

Many of these variables have standard categories for their values. For example, family lifecycle often is expressed as bachelor, married with no children (DINKS: Double Income, No Kids), full-nest, empty-nest, or solitary survivor. Some of these categories have several stages, for example, full-nest I, II, or III depending on the age of the children.

Psychographic Segmentation

Psychographic segmentation groups customers according to their lifestyle. Activities, interests, and opinions (AIO) surveys are one tool for measuring lifestyle. Some psychographic variables include:

- Activities
- Interests
- Opinions
- Attitudes
- Values

Behavioralistic Segmentation

Behavioral segmentation is based on actual customer behavior toward products. Some behavioralistic variables include:

- Benefits sought
- Usage rate
- Brand loyalty
- User status: potential, first-time, regular, etc.
- Readiness to buy
- Occasions: holidays and events that stimulate purchases

Behavioral segmentation has the advantage of using variables that are closely related to the product itself. It is a fairly direct starting point for market segmentation.

4.

Demand forecasting is an important management tool. It estimates sales in monetary or physical units for a specified future period under a proposed business plan or program. Demand forecasting enables firm to assess the probable demand for its product and plan its future production accordingly. Thus it helps in better planning and allocation of resources.

Techniques of forecasting demand : The different methods of demand forecasting are discussed below:
1) Survey Methods: Survey of potential consumers to elicit information on their intentions and plan.
2) Statistical Methods

Survey Methods are then of three types:
a) Expert's opinion survey method: There is personal insight in this method. An informed individual uses personal\organizational experience as a basis for projecting future expectations. Expert opinion can take two forms:

i) Panel Consensus: The Panel Consensus method assumes that several experts can arrive at forecast that are superior to those that individuals generate. Direct interaction among experts is used in this method with the hope that resulting forecasts embody all available objective and subjective evidence.

ii) Delphi method: In the Delphi method, a panel of experts is individually presented a series of questions relating to the underlying forecasting problem. Responses are analysed by an analyst who then tries to elicit the apparent consensus opinion by providing feedback to the panel members in a manner that prevents direct identification of individual positions. The method is primarily used to forecast the demand for new products.

b) Consumer survey method : The consumer survey method of demand forecasting involves direct interview of the potential consumers. It may be in the form of :
i) Complete Enumeration Method.
ii) Sample Survey Method.
iii) End-Use Method
i) Complete enumeration method : Here almost all the potential users of the product are contacted and are asked about their future plans of purchasing the product in question. The quantities indicated by the consumers are added together to obtain the probable demand for the product. For example if only n out of m numbers of house hold in a city report the quantity (d) they are willing to purchase of a commodity then total probable demand (dp) may be calculated as $D = d1+d2+d3+\text{——}+dn$ where d1, d2, d3 etc. denote demand by the individual house holds 1,2,3 etc.

ii) Sample survey method: In this method only a few potential consumers and users are selected from the relevant market through a sampling method. Method of survey may be direct interview or mailed questionnaire to the sample consumers. On this basis the probable demand may be estimated. through the following formula :

$$Dp = \frac{Hr}{Hs} = (H.Ac)$$

Where Dp = probable demand forecast
H = census number of house holds from the relevant market
Hs=number of house holds reporting demand for the product
Ac= average expected consumption by the reporting house holds
This method is simpler less costly and less time consuming than the comprehensive Survey method.

iii) End-use Method: It requires building up a schedule of probable aggregate future demand for inputs or intermediate products by consuming industries and various other sectors. In this method, technological, structural and other changes which might influence the demand are taken into account in the very process of estimation. So, this method has a considerable theoretical and practical value, especially in forecasting demand for inputs.

c) Market studies and experiments : One major problem with the survey method is that people may not reveal their true likes and dislikes while giving responses. Responses to direct questions may not always be correct. Market experiments can help to overcome these problems as they generate data before introducing a product or implementing a policy. Market experiments are of two types:-

i) Test Marketing: In this case, a test area is selected which should be a representative of the whole market in which the new product is to be launched. A test area may include several cities and towns or a particular region of a country or even a sample of consumers. By introducing the new product in the test area consumer's response about the product can be judged.
More than one test area can be selected if the firm wants to assess the effects on demand due to various alternative marketing mix i.e changes in price, advertising or packaging in various market areas. Then the demand for the product can be compared at different levels of price and advertising expenditure.

ii) Controlled Experiments: Controlled experiments are conducted to test the demand for a new product launched or to test the demands for various brands of a product. In this method, samples of consumers, which are representative of the target market, are selected. They are requested to visit the store of that firm where various varieties or brands of the product are kept for sale. Then they are asked which and how much of each brand of that product they would like to buy at different prices. Their preferences are recorded. The selected consumers are given some fixed money and are allowed to make purchases and the quantity of the product or particular brands of a product purchased by them is recorded. They are also requested to fill a questionnaire asking reasons for the choices they have made.
Controlled experiment provide more accurate results as the consumers are asked to make actual decisions regarding their purchase.

Statistical methods : Basically all statistical approaches of forecasting project historical information into the future . These are based on the assumption that future patterns tend to be extension of past ones and that one can make useful predictions by studying the past behaviour i.e. which were responsible in the past will also be operative to the same extent in future.
Different types of statistical methods used are:
a) Time Series analysis and Trend Projection Method
b) Barometric Methods.

a) Time Series Analysis and Trend Projection Method: An economic time series is a sequential array of the values of an economic variable. Weekly, monthly or annual series of sales and cost data, income statistics, population, labour force participation rates are e.g of economic series.
Time series analysis is based on the assumption that future events are a continuation of the past and historical data can be used to predict the future. Four major components of a time series are:
i) Secular trend- These are long-run changes in a series of values of a variable overtime e.g increasing population, changing consumer tastes etc.
ii) Cyclical changes- These are major expansions and contractions in an economic series which are usually of greater than a year in duration. Variations in demand due to fluctuations in the business cycle-boom, recession and depression.
iii) Seasonal changes- They takes into account changes in demand during different seasons,
iv) Random Fluctuations- Random fluctuations may happen due to natural calamities like flood, earthquake which cannot be predicted accurately.
Mostly trend method is used for forecasting in practice. There are many methods to determine trend. Some of these methods are:

* Graphical method
* Least square method
* Moving averages method.

b) Barometric Methods: Barometric \ indicator forecasting is based on the observation that there are relationships among many economic time series. The use of barometric techniques is based on the idea that the future can be predicted from certain happenings in the present.
Barometric analysis or forecasting can be defined as "the prediction of turning points in one economic time series through the use of observations on another time series called the barometer or the indicator." The barometer technique was developed to forecast the general trend in overall economic activities. This method can be used to forecast demand prospects for a product not the actual quantity expected to be demanded.
The basic approach of barometric technique is to construct an index of relevant economic indicators and to forecast future trends on the basis of movements in the index of economic indicators. These statistical indicators\selected time series that when used in conjunction with one another or when combined in certain ways, provide an indication of the direction in which the economy or a particular industry or product is heading. The series chosen thus serve as barometers of economic change. The indicators used are:-
i) Leading indicators- the leading series consists of indicators which move up or down ahead of some other series (certain series of economic data usually turn up or down before general business turns). Leading indicators compares the existing data available.(e.g the growing number of senior citizens is a leading series for the demand for home for the aged, to analyse claims for unemployment insurance, average weekly hours worked is the leading series.
ii) Coincident indicators- The coincident series move up or down simultaneously with the level of economic activity e.g Number of employees in the non-agriculture, rate of unemployment, GNP at constant prices, sales recorded by the manufacturing, trading and the retail sectors.
iii) Lagging indicators- The lagging series consists of those indicators which follow a change after some time lag. Some of the indices identified as lagging series are: labour cost per unit of manufactured output, outstanding loans, lending rate for short-term loans.
These indicators provides signals of changes in economic activities like national income, level of employment, rate of inflation.

5.

(a) The selection of potential customers to whom a business wishes to sell products or services. The targeting strategy involves segmenting the market, choosing which segments of the market are appropriate, and determining the products that will be offered in each segment.

There are four generic target marketing strategies.

1. Undifferentiated marketing: There may be no strong differences in customer characteristics. Alternatively, the cost of developing a separate marketing mix for separate segments may outweigh the potential gains of meeting customer needs more exactly. Under these circumstances a company will decide to develop a single marketing mix for the whole market. There is absence of segmentation.

This strategy can occur by default. Companies which lack a marketing orientation may practice this strategy because of lack of customer knowledge. It is convenient since a single product has to be developed.

2. Differentiated marketing or multi-segment targeting:- When market segmentation reveals several potential target segments that the company can serve profitably, specific marketing mixes can be developed to appeal to all or some of the segments. A differentiated marketing strategy exploits the differences between marketing segments by designing a specific marketing mix for each segment.

A company following multi-segment targeting strategy serves two or more well- defined segments and develops a distinct marketing mix for each one of them. Separate brands are developed to serve each of the segments.

3. Focus or concentrated targeting:- Several segments may be identified but a company may not serve all of them. Some may be unattractive or out of line with the company's business strengths. A company may target just one segment with a single marketing mix. It understands the needs, and motives of the segment's customers and designs a specialized marketing mix.

Focused marketing allows R&D expenditure to be concentrated on meeting needs of one set of customers and managerial activities are devoted to understanding and catering to their needs.

4. Customized marketing:- In some markets, the requirements of individual customers are unique and their purchasing power is sufficient to make designing a separate marketing mix for each customer a viable option. Many service providers such as advertising, marketing research firms, architects and solicitors vary their offerings on a customer to customer basis.

Customized marketing is associated with close relationships between the supplier and customer because the high value of an order justifies large marketing and sales efforts being focused on each buyer.

(b) Product mix, also known as product assortment, refers to the total number of product lines that a company offers to its customers. For example, a small company may sell multiple lines of products. Sometimes, these product lines are fairly similar, such as dish washing liquid and bar soap, which are used for cleaning and use similar technologies. Other times, the product lines are vastly different, such as diapers and razors.

The four dimensions to a company's product mix include width, length, depth and consistency.

Width:- The width of a company's product mix pertains to the number of product lines that a company sells. For example, if a company has two product lines, its product mix width is two. Small and upstart businesses will usually not have a wide product mix.

Length:- Product mix length pertains to the number of total products or items in a company's product mix, according to Philip Kotler's textbook "Marketing Management: Analysis, Planning, Implementation and Control." For example, ABC company may have two product lines, and five brands within each product line. Thus, ABC's product mix length would be 10. Companies that have multiple product lines will sometimes keep track of their average length per product line. In the above case, the average length of an ABC Company's product line is five.

Depth:- Depth of a product mix pertains to the total number of variations for each product. Variations can include size, flavor and any other distinguishing characteristic. For example, if a company sells three sizes and two flavors of toothpaste, that particular brand of toothpaste has a depth of six. Just like length, companies sometimes report the average depth of their product lines; or the depth of a specific product line.

Consistency:- Product mix consistency pertains to how closely related product lines are to one another--in terms of use, production and distribution. A company's product mix may be consistent in distribution but vastly different in use. For example, a small company may sell its health bars and health magazine in retail stores. However, one product is edible and the other is not. The production consistency of these products would vary as well.