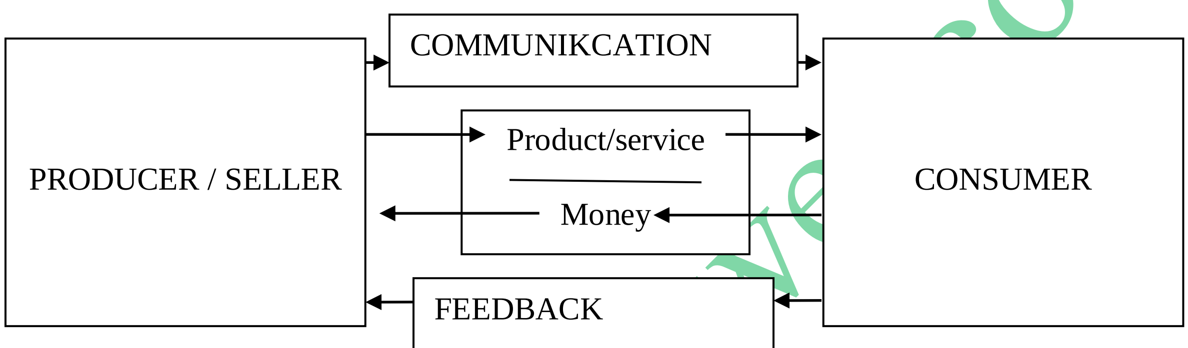
(CHAPTER-1)

PRINCIPALE OF MARKETING

MARKETING: It is the delivery of customer satisfaction at a profit.
Or
It is a process of getting the right products to the right people at the right price and at the right place and time with the right promotion.

SIMPLE MARKETING SYSTEM



SOME BASICS OF MARKETING: consist of 7 PS:

(i) PRODUCT: What are you selling (it might be product or services)

(ii) PRICE: What is your pricing strategy.

(iii) PLACE: How are you distributing your product to get it into the market place?

(iv) PROMOTION: How are you telling consumers about your product?

(v) POSITIONING: What place do you want your product to hold in the consumer's mind:

(vi) PERSONAL RELATIONSHIPS: How are you building relationships with your target consumers?

(vii) PEOPLES & PROFITS: Public who can be affected by organization and to have something values in return of product or service.

REASONS FOR STUDYING MARKETING

(i) It plays an important role in society.
(ii) It is vital to business.
(iii) It offers outstanding career opportunities.
(iv) It affects your life every day.

(CHAPTER-2)
MARKETING PROCESS
CORE MARKETING CONCEPTS

MARKETING PROCESS:

There are certain factors that can influence the marketing process termed as, 'actors and forces in marketing system'. They are:

(i) SUPPLIERS: are the firms and persons that provide the resources to produce goods and services.

(ii) MARKETING INTERMEDIARIES: include various middlemen and distribution firms as well as marketing services agencies.

(iii) CUSTOMERS: Usually consist of consumer, industrial reseller, government and international market.

(iv) COMPETITORS: are usually considered those companies also serving a target market with similar products and services.

CORE MARKETING CONCEPTS:

NEEDS/WANTS/DEMANDS:

↓

PPRODUCTS AND SERVICES: It is anything that can be offered to a market to satisfy a need or want

↓

VALUE/SATISFACTION AND QUALITY:

Customer valve is the difference between the values that the customer gains from using a product and the costs of obtaining the product.

TQM: (total quality management) is an approach in which all the company's people are involved in constantly improving the quality of products, services and marketing process.

↓

EXCHANGE/TRANSACTIONS AND RELATIONSHIPS:

Exchange: is act of obtaining a desired object from someone by offering something in return.
Transaction: It is a trade values between two parties.

(CHAPTER-3)
MARKETING FUNCTIONS
CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

MARKETS:

A market is the set of actual and potential buyers of a product.

MARKETING FUNCTIONS: There are 8 marketing functions that are performed in marketing these are:

i. Buying: (raw material for products or final goods for further reselling)
ii. Selling: (products to satisfy customers needs and wants)
iii. Transporting: (moving products from production point to selling point)
iv. Storing: (warehouses) for further distribution of products
v. standardizing and grading (to provide more quality and services for charm)
vi. financing: (provide credit facility for channel members i.e. wholesalers/retailer
vii. risk taking: for new products
viii. securing marketing information: about consumers, competitors, channel member for making marketing decision.

MARKETING MANAGEMENT:
It is the art and science of choosing target markets and building profitable relationships with them.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

It is the process to build and maintain profitable customer relationships by delivering superior customer satisfaction.

(Winning a new customer is usually 5-10 times more costly than retaining an existing one which is more profitable the longer you keep them.)

BASIC GOALS OF CRM

i. Provide better customer service
ii. Make call centers more efficient
iii. Help sales staff close deals faster

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iv. Simplify marketing and sales process
v. Discover new customers
vi. Reduces the rate of customer defection

(CHAPTER-4)
EVOLUTION OF MARKETING

MARKETING PHILOSOPHIES:

There are several alternative philosophies that can guide organizations in their efforts to carry out their marketing goals. Which are?

i. The production concept: Consumer favor products that are available and highly affordable

ii. The product concept: Consumer favor quality products that are reasonably priced and therefore little promotional effort is required.

iii. The selling concept: Consumer will not buy product unless organization makes extra ordinary promotional efforts such as to sell insurance policies.

iv. The marketing concept: It holds that achieving organizational goals depends on determining the needs and wants of target markets.

v. The social marketing concept: It holds that the organization should determine the needs, wants and interests of target market.

(CHAPTER-5)

MARKETING CHALLENGES IN THE 21ST CENTURY.

a. **Porter's 5 forces model of competition**:

(i) Threat of new entrants.
(ii) Bargaining power of buyers
(iii) Threat of substitute
(iv) Bargaining power of suppliers.
(v) Rivalry among competing firm in industry

A. **THE IT REVOLUTION**:

(i) Technologies for connecting.
Internet connecting with customers.

Internet connecting with others in the company.
Extranets connecting with strategic partners / suppler.

(ii) Connections with customers.
Through telephone, mail-order, kiosk set.
Internet
Direct channels (Amazon.Com)

(iii) Connections with marketing's partners.
Marketing no longer has sole ownership of customer interaction.
Supply chain management.
Strategic partners.

(iv) Connections with the world around us.
Firms are challenged by international competitors in their once safe domestic market.
Companies are not only exporting but buying more components from aboard.
Domestically purchased goods and services are hybrids (with components coming from wanly international sources)

B. **RAPID GLOBALISATION**:

Faster communication and transportation
Foreign competitors.
Delay taking steps toward internationalizing (Risk)

C. **THE CHANGING WORLD ECONOMY**:

D. **THE CALL FOR MORE ETHICS AND SOCIAL RESPONSIBILITIES**:

(i) High prices
(ii) High costs of distribution
(iii) High advertising and promotion coast.
(iv) Excessive middle man gross profit margin
(v) Deceptive practices (factory, whole sale)
(vi) High pressure selling people.
(vii) Unsafe products.

E. **THE NEW MARKETING LAND SCOPS**. The new marketing landscape is a dynamic, fast-paced and evolving function of all these changes and opportunities.

(CHAPTER-6)

STRATEGIC PLANING AND MAKETING PROCESS

1. **STRATEGIC PLANNING**: The process of developing and maintaining a strategic fit by the organization's goals and capabilities and its changing marketing opportunities is called strategic planning.

2. **TACTICAL PLANNING**: It is concerned with translate the general goals and plans developed by strategic managers in to objective that are more specific activates.

3. **OPERATIONAL PLANNING**: It is used to supervise the operations of the organization.

CHARACTERISTICS OF A STRATEGIC PLAN:

a. It encourages management to think ahead systematically.
b. It forces managers to clarify objectives and policies.
c. It leads to better coordination of company efforts.
d. It provides clearer performance standards for control.

STRATEFGIC PLANING PROCESS:

a. Stating a clear company mission.
b. Setting supporting company objective.
c. Designing a sound business portfolio.
d. Planning and coordinating marketing and other functional strategies.

COMPANY'S MISSION:

(1) **A MISSION STATEMET**:

a. Be realistic
b. Be specific
c. Fit the market environment
d. indicate distinctive competence
e. Be motivating

(2) **SETTING COMPANY OBJECTIVES AND GOALS:**

This second step in the strategic planning process requires the manager to set company goals and objectives.

(3). **DESIGNING THE BUSINESS PORTFOLIO:**

It is the collection of business and products and make up the company.

(CHAPTER-7)

MARKETING PROCESS

SBUs The strategic business unit is a unit of the company that has a separate mission and objectives.

DEVELOPING GROWTH STARATEGIES:

(i) **Market penetration:** Making more sales to present customers without changing in any way.

(ii) **MARKET DEVELOPMENT**: A strategy for company growth by identifying and developing new markets for current company products

(iii) **PRODUCT DEVELOPMENT**: A strategy for company growth by offering modified or new products to current markets.

(iv) **DIVERSIFICATION**: A strategy for company growth by starting up or acquiring businesses outside the company's current products and markets.

(CHAPTER-8)

MARKETING PROCESS

MARKETING PRoCESS: It is the process of analyzing market opportunities, selecting target markets, developing the marketing mix, and managing the marketing effort

Q. **What are the steps in marketing**?

A. (1). **ANALYZING MARKETING OPPORTUNITIES**: Marketing manager unit analyses the long-run opportunities in the market to improve the business unit's performance.

(2) **SELECTING THE TARGET MARKET**:

(i) **Market segmentation**: It is the process of dividing market into distinct groups of buyers with different needs characteristic or behavior.

(ii) **Market targeting**: It is the process of evaluating each mark segments attractiveness and selecting one or more segments to eater.

(iii) **Market positioning**: It is arranging for a distinctive and desirable place relative to competing products in the minds of target consumers.

(3) **DEVELPING THE MARKETING MIX**:

(i) **Marketing Mix**: It is the set of controllable marketing variables that the firm blends to produce the response it wants in the target market.

(4) **MANAGING THE MARKETING EFFORT**

a. marketing analysis
b. marketing planning
c. marketing implementation
d. marketing control

i. set specific goals (why do we want to achieve)
ii. measure performance (what is happening)
iii. evaluate performance (why is it happening)
iv. take corrective action (what should we do about it)

OPERATING CONTROL:
It involves checking ongoing performance against the annual plan and take corrective action when necessary

STRATEGIC CONTROL:
It involves looking at whether the company's basic strategics are well matched to its opportunities

MARKETING DEPARTMENT ORGANIZATION

i. **Functional organization**:
Where different marketing active ities are headed by a functional specialist

ii. **Geographic organization**:
Where sales and marketing people are assigned to specific, countires, regious or districts

iii. **Product Management organization**:
Where a product manager develops a complete strategy for a product or brand.

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iv. **MARKET CUSTOMER MANAGEMENT ORGANIZATION**:
Where a specific market plan is developed for each specific market / customer.

v. **COMINATION PLANE**:
Where large companies many times combine elements of any of the above.

(CHAPTER-9)

MARKETING ENVIRONMENT

A company's marketing environment consists of the actors and forces outside marketing the affect marketing management's ability to develop and maintain successful relation ship with its target customers

MICRO ENVIRONMENT
MACRO ENVIRONMENT

1. MICRO ENVIRONMENT:

i. the company itself (including departments)
ii. suppliers
ii. marketing channel firms
iii. customer markets
iv. competitors
v. publics

THE COMPANY'S MICROENVIRONEMNT:

I. The company
II. Suppliers
III. Market intermediaries (resellers)

Physical distribution firms:
It helps the company to stock and move goods from their points of origin to their destinations

Marketing Service Agencies:
It help the company target and promote its products.

FINANCIAL INTERMEDIARIES:

It help finance transaction and ensure against risks

2. MACRO ENVIRONMENT

THE COMPANY'S MACRO ENVIRONMENT:

a. **Demographic environment**: is the study of human populations in terms of size, density, location, age, sex, race, occupation and other statistics

b. **Economic Environment**: It includes those factors that affect consumer purchasing power and spending patterns.

c. **Natural environments**: It involves natural resources that are needed as inputs by marketers or that are affected by marketing activities

d. **Technological environment**: It includes forces that create new technologies creating new product and market opportunities.

e. **Political Environment**: It includes laws, government agencies, and pressure groups that influence and limit various organizations and individuals in a given society.

f. **Cultural Environment**: It is made up of institutions and other forces that affect society's basic values, perceptions, preferences and behaviors.

(CHAPTER-11)

Marketing Information System:

Marketing information is a critical element in effective marketing as a result of the trend toward global marketing, the transition from buyer needs to buyer wants, and the transition from price to non-price competition. All firms operate some form of marketing information system.

MIS works in the following way:

- A well-designed marketing information system (MIS) begins and ends with the user.
- The MIS next develops information and helps managers to use it more effectively.
- Marketing intelligence supplies marketing executives with everyday information about developments in the external marketing environment.
- Finally, the marketing information system distributes information gathered from internal sources, marketing intelligence, and marketing research to the right managers at the right times.

Marketing Intelligence:

Provides the everyday information about environmental variables that managers need as the implement and adjust marketing plans.

Marketing Research:
Marketing research links the consumer, customer, and public to the marketer through an exchange of information.

f. Why to Conduct Business Research?
Marketing Research is a Systematic & objective process of designing, gathering, analyzing & reporting information that is used to solve a specific problem. It Provides information for aid in making business related decisions, to Identify opportunities and generate & refine actions. It is important for the mangers for many decisions like:

- Helps reduce risk inherent in decision-making
- Provides an important link to customers
- Allows implementation of the business concept
- Enables managers to identify & understand stakeholders wants & needs and to develop appropriate strategies to meet these needs

Chapter -13

Uses of Marketing research:-

1. Measurement of market potential.
2. Analysis of market share.
3. Determination of market characteristics.
4. Sales analysis.
5. product testing
6. forecasting
7. studies of business trends
8. Studies od competitor's products.

Marketing research process:-

1. Problem definition and the research objectives
2. Developing the research plan
3. Implementation
4. Interpretation and reporting of findings

Objectives of research:-

1. **Exploratory research:-**
   Where the objective is to gather preliminary information that will help to better define problems and suggest hypotheses for their solution.
2. **Descriptive research:-**
   Where the intent is to describe things such as the market potential for a product or the demographics and attitudes of customers who buy the product.
3. **Casual research:-**
   is research to test hypotheses about cause-and-effect relationships.

Developing the research plan:-

1. Determining specific information needs
2. Gathering secondary information
3. Planning primary Data collection

Research Approches:-

1. **Observational research:-**
   Where information is gained by observing relevant people, actions, and situations.
2. **Survey research:-**
   Is the gathering of primary data by asking people questions about their knowledge, attitudes, preferences, and buying behavior.
3. **Experimental research:-**
   Involves the gathering of primary data by selecting matched groups of subjects, giving then different treatments, controlling related factors, and checking for difference in-group responses.

Contact Methods:-

1. Mail questionnaires
2. Telephone interviewing
3. Personal interviewing
4. Online (internet)
5. Computer interviewing

Three decisions of designing a sample:-

a. **Who** is to be surveyed (what is **sampling unit**)?
b. **How many** people should be surveyed(what **sample size**)?
c. **How** should the sample be chosen(what **sampling procedure**)?

Kinds of samples:-

a. **Probability samplers** – sampling error can be measured
b. **Nonprobability samples** – sampling error cannot be measured.

Consumers:-

All individual and households who buy or acquire goods and services for personal consumption are termed as consumer behavior

Why to study consumers behavior.:-

Basic objective of studying consumer behavior is that the firm needs to know who buys their product? How they buy? when and where they buy? Why they buy?

Consumer behavior:-

Its is the process through which the ultimate buyer makes purchase decisions.

Positioning:-

Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.

Segmentation:-

Dividing a market into distinct groups of buyers on the basis of needs, characteristics, or behavior whi might require seprate products or marketing mixes.

Product development:-

A strategy for company growth by offering modified or new products to current markets segments.

Market development:-

A strategy for company growth by identifying and developing new markets segments for current company products.

Model of consumer behavior:-

1. Marketing and other stimuli

- Marketing
- Product
- Price
- Place
- Promotion
- Other
- Economic
- Technology
- Political
- Cultural

2. Buyer's Black box

- Buyer characteristics
- Buyer decision process

3. Buyer response

- product choice
- Brand choice
- Dealer choice
- Purchase timing
- Purchase amount

Factors influencing consumer behavior:-

1. **Cultural**
   - Culture
   - Subculture (nationalities, religions, geographic regions)
   - Social class
2. **Social**
   - Reference groups
   - Family
3. **Personal**
   - Age and life-cycle stage
   - Occupation
   - Economic situation
   - Lifestyle
   - Personality
   - Self-concept
4. **psychological**
   - Motivation
   - Perception
   - Learning
   - Beliefs
   - Attitudes
5. **Buyer**

Types of buying behavior:-

1. **Complex buying behavior**:-
   Consumers undertake complex buying behavior when they are highly involved in a purchase and perceive significant differences among brands.
2. **Dissonance-Reducing buying behavior**:-
   It occurs when consumers are highly involved with an expensive, infrequent or risky purchase, but see little difference among brands.
3. **Habitual buying behavior**:-
   It occurs under conditions of low consumer involvement and little significant brand difference.

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a. **Variety-seeking buying behavior**:-

Consumers undertake Variety-seeking buying behavior in situations characterized by low consumer involvement but significant perceived brand differences.

Buyer decision process:-

- Need Recognition
- Information search
- Evaluation of Alternatives
- Purchase decision
- Post purchase behavior

Stages in the Adoption Process:-

- **Awareness**:- The consumer becomes aware of the new product, but lacks information about it.
- **Interest**:- The consumer seeks information about the new product.
- **Evaluation**:- The consumer considers whether trying the new product makes sense
- **Trial**:- The consumer tries the new product on a small scale to improve his or her estimate of its value
- **Adoption**:- The consumer decides to make full and regular use of the new product.

Business market:-

It comprises all the organizations that buy goods ad services for use in the production of other products and services that are sold, rented, or supplied to other.

Characteristics of business markets:-

1. Market structure and demand
2. Nature of the buying unit
3. Types of decisions and the decision process

Business buyer behavior:-

a. Major types of buying situations
   - Straight rebuy—The buyer recorders something without any modifications

- Modified rebuy--- The buyer wants to modify product specifications, prices, terms, or suppliers.

b. Participants in the business buying process
- Users
- Influencers
- Buyers
- Deciders
- Gatekeepers

c. Major influences on business buyers

Business buyers are subject to many influences when they make their buying decisions.
- Environmental Factors
- Organizational Factors

Interpersonal Factors:-

The buying center usually includes many participants who influence each other.

Individual Factores:-

Each participant in the business buying decision process brings in personal motives, perceptions, and preferences.

The business buying process:-

a. Problem Recognition
b. General Need Description
c. Product specification
d. Supplier search
e. Proposal solicitation
f. Supplier selection
g. Order-Routine Specification
h. Performance Review

Institutional Markets:-

The Institutional Markets consists of schools, hospitals, nursing, homers, prisons, and other institutionsthat provides goods and services to people in.

Government Markets:-

The Government Markets offers large opportunities for many companies, both big and small.

New task buying:-

A company buying a product or service.

Influencers:-

Often help define specifications and also provide information for evaluating alternatives.

Gatekeepers:-

Control the flow of information to others.

Market segmentation:-

Dividing a market into smaller groups.

Market Targeting:-

Evaluating each market segment's attractiveness and selecting one or more of the market segment's to enter.

Levels of Market segmentation:-

1. **Market segmentation**
   - Identify bases for segmenting the market
   - Develop segment profiles
2. **Market Targeting**
   - Develop measure of segment attractiveness
   - Select target segments
3. **Market Positioning**
   - Develop positioning for target segments
   - Develop a marketing mix for each segment

a. Mass Marketing:-

The traditional argument for mass marketing is that it creates the largest potential market, which leads to the lowest costs, which in turn can translate into either lower prices or higher margins.

b. Segment Marketing:-

It offers several benefits over mass marketing.

c. Niche Marketing:-

It is a more narrowly defined group, usually identified by dividing a segment into sub segments.

d. Micro Marketing:-

It includes all local marketing. It is the practice of tailoring products and marketing programs to suit the tastes of specific individual and locations.

Segmenting consumer Markets:-

1. Geographic segmentation
2. Demographic segmentation
   - Age and Life-cycle stage
   - Gender segmentation
   - Income segmentation
3. Psychographics segmentation (Dividing a market into diferent groups based on social class, lifestyle)

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4. Behavioral segmentation (dividing a market into groups based on consumer knowledge, attitudes etc)

Requirements for Effective Segmentation:-

1. Measurability:-
   Is the degree to which the size, purchasing power, and profiles of a market segment can be measured.
2. Substantiality:-
   It refers to the degree to which a market segment is sufficiently large or profitable.
3. Accessibility:-
   It refers to the degree to which a market segment can be reached and served.
4. Differentiation:-
   It refers to the degree to which a market segment can conceptually be distinguished and has the ability to respond differently to different marketing mix elements and programs.
5. Action Ability:-
   Its is the degree to which effective programs can be designed for attracting and serving a given market segment.

Market Targeting

1. Evaluating Market Segments:-

In this a firm must look at three factors: Segment size and growth, segment structural attractiveness, and company objectives and resources.

a. Undifferentiated marketing:-
   Using this strategy, a firm might decide to ignore market segment differenced and go to the whole market with one offer.

b. Differentiated Marketing:-
   Using this strategy, a firm decides to target several market segments or niches and designs separate offers for each.

c. Concentrated Marketing:-
   Using this strategy , concentrated marketing, is especially appealing when company resources are limited.

d. Choosing a Market-Coverage strategy:-
This strategy is best depend in company resources. The best strategy also depends on the degree of product variability.

e. Socially Responsible Target Marketing:-
Smart targeting helps companies to be more efficient and effective by focusing on the segments that they can satisfy best and most profitably.

f. Positioning for competitive Advantage:-
Positioning involves implanting the brand's unique benefits and differentiation in customers mind.

2. Choosing a positioning Strategy:-
Some firms find it easy to choose their positioning strategy.

3. Identifying possible competitive Advantages.
4. Choosing the right competitive Advantages.
a. How Many differences to promote?
b. Which differences to promote?

5. Selecting an overall positioning Strategy:-
Customers typically choose products and services that give them the greatest value. Thus, marketers want to position their brands on the key benefits that they offer relative to competing brands.

6. Communicating and delivering the chosen position.
The company must take strong steps to deliver and communicate the desired position to target consumers.

PRODUCT:-
A product is anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need.

a) Levels of Product and Services

1). **The core product** is the core, problem solving benefits that consumers are really buying when they obtain a product or service

2). **The actual product** may have as many as five characteristics that combine to deliver core product benefits.

They are:
a). Quality level.
b). Features.
c). Design.
d). Brand name.
e). Packaging.

3). **The augmented product** includes any additional consumer services and benefits built around the core and actual products.

Product Classification

I. Consumer Products

Consumer products are those bought by final consumers for personal consumption. Marketers usually classify these goods further based on how consumers go about buying them. Consumer products include *convenience products, shopping products, specialty products,* and *unsought products.*

- **Convenience products** are consumer products and services that the customer usually buys frequently, immediately, and with a minimum of comparison and buying effort. Examples include soap, candy, newspapers, and fast food.
- **Shopping products** are less frequently purchased consumer products and services that customers compare carefully on suitability, quality, price, and style.
- **Specialty products** are consumer products and services with unique characteristics or brand identification for which a significant group of buyers is willing to make a special purchase effort. Examples include specific brands and types of cars
- **Unsought products** are consumer products that the consumer either does not know about or knows about but does not normally think of buying.

II. Industrial Products

Industrial products are those purchased for further processing or for use in conducting a business.

Capital items are industrial products that aid in the buyer's production or operations, including installations and accessory equipment. Installations consist of major purchases such as buildings (factories, offices) and fixed equipment (generators, drill presses, large computer systems, elevators).

Individual product decisions

a) Product Attributes

Developing a product or service involves defining the benefits that it will offer. These benefits are communicated to and delivered by product attributes such as *quality, features, style and design.*

i. Product Quality

Quality is one of the marketer's major positioning tools.

ii. Product Features

A product can be offered with varying features.

iii. Product Style and Design

Another way to add customer value is through distinctive *product style and design.*

b) Branding

Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect, and enhance brands of their products

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and services.

i. Brand:

A *brand* is a name, sign, symbol, or design, or a combination of these that identifies the maker or seller of a product or service.

ii. Brand equity

is the value of a brand, based on the extent to which it has high brand loyalty, name awareness, perceived quality, strong brand associations, and other assets such as patents, trademarks, and channel relationships.

iii. Selecting The Brands Name:

Selecting a brand name is an important step. The brand name should be carefully chosen since a good name can add greatly to a product's success. Desirable qualities of a good brand name include:

1). It should suggest something about the product's benefits and qualities.
2). It should be easy to pronounce, recognize, and remember.
3). It should be distinctive.
4). It should translate easily into foreign languages.
5). It should be capable of registration and legal protection. Once chosen, the brand name must be protected.

iv. Sponsorship options for Branding:

A manufacturer has four sponsorship options:

1). A **manufacturer's brand (or national brand)** is a brand created and owned by the producer of a product or service (Examples include IBM and Kellogg).
2). A **private brand (or middleman, distributor, or store brand)** is a brand created and owned by a reseller of a product or service.
3). A **licensed brand** (a company sells it's output under another brand name).
4). **Co-branding** occurs when two companies go together and manufacture one product.

Packaging

Packaging involves designing and producing the container or wrapper for a product.

Labeling

Labels may range from simple tags attached to products to complex graphics that are part of the package.

Product Support Services

Customer service is another element of product strategy. A company's offer to the marketplace usually includes some services, which can be a minor or a major part of the total offer.

New-product development:

The development of original products, product improvements, product modifications, and new brands through the firm's own R&D efforts.

Idea generation: The systematic search for new-product ideas.

Idea screening: screening new-product ideas in order to spot good ideas and drop poor ones as soon as possible.

Product concept: A detailed version of the new-product idea stated in meaningful consumer terms.

Concept testing: Testing new-product concepts with a group of target consumers to find out if the concepts have strong consumer appeal.

Business analysis: A review of the sales, costs, and profit projections for a new product to find out whether these factors satisfy the company's objectives.

Consumer Adoption Process

a) Stages in the Adoption Process

1. **Awareness**. In this stage the consumer is aware of the new product but lacks further information about it.
2. **Interest**. The consumer is motivated to seek information about the new product.
3. **Evaluation**. The consumer determines whether or not to try the new product.
4. **Trial**. The consumer tries the new product on a small scale to test its efficacy in meeting his or her needs. Trial can be imagined use of the product in some cases.
5. **Adoption**. The consumer decides to make use of the product on a regular basis.

b) Individual differences in the adoption of innovations

1. **Innovators**. Innovators help get the product exposure but are not often perceived by the majority of potential buyers as typical consumers.
2. **Early Adopters**. This group serves as opinion leaders to the rest of the market.
3. **Early Majority**. Some 34% of the market that is the "typical consumer" but likely to adopt innovations a little sooner.
4. **Late Majority**. This group is skeptical and adopts innovations only after most of the market has accepted the product.
5. **Laggards**. This group is suspicious of change and adopts only after the product is no longer considered an innovation.

C. Product Life-Cycle Strategies

After launching the new product, management wants the product to enjoy a long and happy life. Although it does not expect the product to sell forever, the company wants to earn a decent profit to cover all the effort

a) **Product development** begins when the company finds and develops a new-product idea.

b) **Introduction** is a period of slow sales growth as the product is introduced in the market.

c) **Growth** is a period of rapid market acceptance and increasing profits.

d) **Maturity** is a period of slowdown in sales growth because the product has achieved acceptance by most potential buyers.

e) **Decline** is the period when sales fall off and profits drop.