INDIAN SCHOOL MUSCAT
SENIOR SECTION
DEPARTMENT OF COMMERCE & HUMANITIES
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ENTREPRENEURSHIP

NOTES - UNIT–3: ENTERPRISE MARKETING
QUESTION BANK

What is the goal of business?
Fundamental goal of business is to make profit; this always need not be in terms of money but improved customer relations, goodwill etc.,

What is goal setting? Why is goal setting important?
"Establishing short or long term objectives, usually incorporating deadlines and quantifiable measures."

1. Goal Setting is an important exercise for ensuring the appropriate performance.
2. Goal setting ensures clarity of vision, alignment to the organisational goals, clarity of purpose and higher probability of achieving the goals.
3. Goal setting allows us to be proactive, instead of just being reactive.

Without a goal setting strategy, to run a successful business, would be blind chance. To be successful, you need to make things happen, not just let things happen. Like setting personal goals, setting business goals provides us with direction and motivation. But only if we set the right goals, goals that will keep our business on track rather than derail it.

What are the rules for setting the right business goals?

1) **Business goals need to be relevant.** To be relevant, a business goal has to be profitable in some fashion. That's not to say that every business goal has to be measurable in rupees, but it does have to possess a clear advantage or benefit to the specific business.
2) **Business goals need to be actionable.** An even more common mistake when setting business goals is to choose business goals that are too vague or abstract. When you're setting business goals, be sure that you have developed them from general statements, such as in the example above, to specific actions that can be performed and evaluated. Goals without action plans are just pretty words.
3) **Business goals need to be achievable stretches.** The purpose of business goals is to move the businesses forward. So we have to position the bar very carefully when we're setting business goals. If the bar is set too high, we set ourselves up for failure and disappointment and many of us, recognising this in advance, will just stop trying. On the other hand, if the bar is set too low, and all we have to do is step over it, we might not bother to do it as we won't get enough satisfaction or recognition from the accomplishment.

What are SMART goals?
S.M.A.R.T. is an acronym for the 5 steps of specific, measurable, achievable, relevant, and time-based goals. It's a simple tool used by businesses to set goals into an actionable plan for results.

- **Specific:** Great goals are well-defined and focused.

Example: Obtain 2 crore worth corporate clients in the Delhi property insurance market‖ is more meaningful to mobilize your team than ―Get more business. The moment you focus on a goal, your goal becomes a magnet, pulling you and your resources towards it. The more focused your energies, the more power you generate."

- **Measurable:** A goal without a measurable outcome is like a sports competition without a scoreboard or scorekeeper. Numbers are an essential part of business. Put concrete numbers in your goals to know if you're on track.

- **Attainable:** Far too often, small businesses can set goals beyond reach. No one has ever built a multi–crore businesses overnight. Venture capitalists and angel investors discard countless business plans of companies with outlandish goals. Dream big and aim for the stars but keep one foot firmly based in reality. Check with your industry association to get a handle on realistic growth in your industry to set smart goals.
- **Relevant:** Achievable business goals are based on the current conditions and realities of the business climate. You may desire to have your best year in business or increase revenue by 50%, but if a recession is looming and three new competitors opened in your market, then your goals aren't relevant to the realities of the market.
- **Time-Based:** Business goals and objectives just don't get done when there's no time frame tied to the goal-setting process. Whether your business goal is to increase revenue by 20% or find 5 new clients, choose a time-frame to accomplish your goal.

What does the Marketing strategy of a company include?

Marketing Strategy Marketing strategy is defined by David Aaker as "a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage."

Marketing strategy includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company. It also includes the formulation, evaluation and selection of market-oriented strategies and therefore contributes to the goals of the company and its marketing objectives.

A marketing strategy is composed of several strategies for growth as well as interrelated components called the marketing mix.

Define Marketing mix.

According to W. J. Stanton, "Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system: the product, the price structure, the promotional activities, and the distribution system." According to Philip Kotler, "A Marketing mix is the mixture of controllable marketing variables that the firm uses to pursue the sought level of sales in the target market."

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What are the components of marketing mix?

The 4Ps that make up a typical marketing mix are – Price, Product, Promotion and Place. However, nowadays, the marketing mix increasingly includes several other Ps like Packaging, Positioning, People and even Politics as vital mix elements.

Discuss the relevance of Product/service in the marketing mix.

This refers to the item actually being sold. The product must deliver a minimum level of performances.

- What does the customer want from the product/service? What needs does it satisfy?
- What features does it have to meet these needs?
- Are there any features you've missed out? Are you including costly features that the customer won't actually use?
- How and where will the customer use it?
- What does it look like? How will customers experience it?
- What size(s), colour(s), and so on, should it be?
- What is it to be called?
- How is it branded?
- How is it differentiated from the competitors?

Explain the importance of branding introduction in branding?

A product is anything that can be offered to a market for attention, acquisition, or consumption. It includes physical objects, services, personalities, places, organisations and ideas. The character of the product may be seen differently by the buyer and the seller. Therefore, most marketers give a "name" (brand) to their products, which helps in identifying and distinguishing their products from that of the competitors. Thus, branding is an effective differentiation strategy commonly adopted by marketers when dealing with the products which cannot be easily distinguished in terms of tangible features.

Briefly explain the crucial aspects that determine the credibility of goods and services in the market.

The following most crucial components of Product/Service.

1. **Branding:** Branding' is a process, a tool, a strategy, an orientation whereby a name, a sign, or a symbol etc. is given to a product by the entrepreneur so as to differentiate his/her product from the rival products. A brand is "a name, term, sign, symbol, or design or a combination of them which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of the competitors. “Once a brand name is established in the market, then it becomes difficult to compete with it.
2. **Logo and tagline:** Logo Short for Logotype is an identifying symbol for a product or business. It can be any distinctive design, mark, sign which stands associated with the entrepreneur's offering. 'Logo' is an important feature or part of branding.

Taglines are basically simple but powerful messages that help to communicate an enterprise's goals, mission, distinct qualities and so much more. Thus, a 'tagline' is a small amount of text which serves to clarify a thought and is designed with a dramatic effect.

3. **Labelling:** It is the display of information about a product on its container, packaging, or the product itself.
4. **Packaging:** Packaging is often the key element in assisting, mainly consumer goods companies, to achieve a comparative advantage. The critical decisions that must be made on the package are concerned with the functions, the product pack will perform

What are the components of branding?

Brand has three components:

- **a) Brand name:** A brand name is "that part of a brand which can be vocalized i.e. can be spoken. It is like naming a new-born child. Mercedes, Woodland, Asian Paints, Pepsi, Maggie, Uncle Chips etc. are few examples of the brand names.
- **b) Brand mark:** A brand mark is that part of a brand which can be recognized but cannot be vocalized i.e. is non-utterable. It appears in the form of a symbol, design or distinct colour scheme. For example: 'Girl’ of Amul, 'Maharaja' of Air India, 'Ronald' of McDonald etc.
- **c) Trade mark:** A brand or part of a brand that is given legal protection against its use by other firms is called a trade mark. Thus, a trade mark is essentially a legal term, protecting the seller's exclusive right to use the brand name/mark.

How do quality products differ from other products in terms of their branding?

A good brand name should basically possess qualities of distinctiveness. It should have the capability to stand out amongst a host of competing names. Thus, in selecting a brand name, entrepreneur should ask himself/herself what he/she wants to achieve from it. While selecting a brand name, entrepreneur should choose a name which is :

- a) Short, simple and easy to pronounce.
- b) Noticeable, easy to recognize and remember.
- c) Pleasing, impressive when uttered.
- d) Neither obscene, negative, offensive or vulgar.
- e) Adaptable to packaging, labelling requirements, to different advertising media and languages.
- f) Linked to product, symbolically eye catching.
- g) Contemporary, capable of being registered and protected legally.

What is meant by brand management strategies? Why is it important to brand a product?

Entrepreneur's perspective on brand name Entrepreneur can follow different policies in choosing brand name keeping in mind the range of products offered by him/her. The new product is given a name so that it can get public attention. Thus, as, the whole meaning and direction of a company can be explained through its brand management strategy, an entrepreneur should be very careful in deciding/in choosing its brand strategy. Various types of brands available are:

1) **Individual brand name:** Here entrepreneur can choose distinct names for each of his offering, i.e. every product is promoted on the basis of a separate brand name. For Example: Hindustan Unilever Ltd. has been concentrating on its core business areas i.e. soaps and detergents, and has emerged as the clear leader in the toilet soap industry. Thus, HUL has ensured for itself a presence in all segments using new brand launches.
2) **Family brand name:** Entrepreneur can opt to use a common or successful family name for their several products. Either the entrepreneur's name or the company's name may be used for all the products. It is even referred as Umbrella branding. For Example: PONDS, is a mother brand name used for shampoos, talcum powder, cold creams, soaps etc. MAGGI, is brand name for noodles, sauces, masalas etc. AMUL, has been used to market a large variety of dairy products viz. milk, ghee, butter, chocolates etc.
3) **Corporate names:** Entrepreneur can choose to utilise their corporate name or logo together with some brand names of individual products for example, Godrej, Tata, Bajaj, etc.
4) **Alpha-numeric names:** In many industrial products, an alpha-numeric name often signifies its physical characteristics, thus creating a distinctive identify of the product. Entrepreneur has an option available to brand his/her products alpha-numerically too. For example, SX4, Liv52, ANZ Grindlay, i10, i20, etc.

Popular brands are susceptible to imitation. Thus, to be on the safer side, the entrepreneur should legally protect his/her brand name or mark through trade mark. A trade mark is meant to guard against ditto imitations. The best way for a new brand to succeed is to carry the mantle from the old brand, if any.

What are Logos and tag lines? In what way does it help an enterprise?

Logo Short for Logotype) is an identifying symbol for a product or business. It can be any distinctive design, mark, sign which stands associated with the entrepreneur's offering. 'Logo' is an important feature or part of branding. Thus, a logo is a graphic mark or emblem commonly used by commercial enterprises, organisations and even individuals to aid and promote instant public recognition.

For example: McDonald's golden arch (M) is a famous logo. This logo gives McDonald's restaurants a competitive advantage over less recognizable restaurants. Logos are either purely graphic (symbols/icons) or are composed of the name of the organisation. The purpose of Logo is:

1) Logos are a critical aspect of business marketing. As the company's major graphical representation, a logo anchors company's brand.
2) Corporate Logo are intended to be the "Identity" of an enterprise because of displaying graphically enterprise's uniqueness.
3) Through a set colour combination, fonts, images, impression and/or pattern, logos provide essential information about a company that allows customers to relate with the enterprise's core brand. Enterprises normally resort to logos' as a short path for advertising and other marketing materials. Logos act as the key visual component of an enterprise's overall brand identify.

b) Tagline: Taglines are basically simple but powerful messages that help to communicate an enterprise's goals, mission, distinct qualities and so much more. Thus, a 'tagline' is a small amount of text which serves to clarify a thought and is designed with a dramatic effect. They can come in the form of: Questions, Statements, and Exclamations.

For example: Balsara Hygiene products launched their 'Promise toothpaste with the slogan (tagline) - "The unique toothpaste with time-tested clove-oil."

Define Intellectual Property. Explain some important Intellectual Property rights.

Intellectual property (IP) rights are the legally recognized exclusive rights to creations of the mind. Under this law, owners are granted certain exclusive rights to a variety of intangible assets. Common types of intellectual property rights include copyrights, trademark, patents, industrial design rights and trade secrets.

- **Patents:** It grants an inventor the **right to exclude others from making**, using, selling, offering to sell, and importing an invention for a limited period of time, in exchange for the public disclosure of the invention. Inventions patentable
    - Art, Process, Method or Manner of manufacture;
    - Machine, Apparatus or other Articles;
    - Substances produced by Manufacturing
    - Computer Software which has Technical application to Industry or is used with Hardware Product Patent for Food/Chemical/Medicines or Drugs
- **Copyright:** It gives the creator of original work exclusive rights to it, usually for a limited time. It means apply to a wide range of creative, intellectual or artistic forms or work. For example, musical composition, literary work such as poems, plays etc.
- **Industrial design:** It protects the visual design of objects that are not purely utilitarian. It can be a two or three dimensional pattern used to produce a product, industrial commodity or handicraft.
- **Trademark:** It is a recognizable sign, design or expression which distinguished products or services of particular trades from the similar products or services of other traders.
- **Trade Secret:** Any confidential business information which provides an enterprise a competitive edge may be considered a trade secret. For example, Coca-Cola formula

Define Price. What are the different types of marketing strategies available to an entrepreneur? Discuss with advantages and disadvantages.

Price refers to the value that is put on a product. It depends on cost of production, segment targeted, ability of the market to pay, supply - demand and a host of other direct and indirect factors.

There are several types of pricing strategies that can be used in a business plan. These strategies are used as a demarcation, to differentiate and enhance the image of a product.

1. **Cost-plus pricing**: The most common technique is cost-plus pricing, where the manufacturer charges a price to cover the cost of producing a product plus a reasonable profit. The cost-plus method is simple, but it does not encourage the efficient use of resources. Cost-plus pricing is typically based on a manufacturing estimate. Estimates of the costs associated with manufacturing tasks are made for reasons like:
    - To justify planned capital expenditure
    - Determine likely production costs for new or modified products
    - Focus attention on areas of high cost

Advantages

1. Biggest advantage of this is that company knows exactly the amount of expenditure that has incurred on making a product and therefore they can add profit margin accordingly. For example if a company has incurred expenses of ₹ 1000 and they want to earn profit margin of 10 % than the company will sell the product at ₹ 1100.
2. It is the simplest method to decide the price for a product because one has just to add up all the cost and then add profit which you want to earn which will give the price for a product.
3. Since the company is using its own data for deciding cost which makes it easier for a company to evaluate the reasons for escalations in expenses and therefore it can take corrective action immediately.

Disadvantages

1. This method does not take into account the future demand for a product which should be the base before deciding on the price of a product and therefore a serious

limitation of this method.

2. It also does not take into account the competitors actions and their effect on pricing of the product, because in today's competitive world if one solely depends on cost plus pricing it can lead to failure of company's product in the market.
3. It can result in the company overestimating the price of a product because this method includes sunk cost and ignores opportunity cost also while calculating cost there is an element of personal bias while deciding the profit margin which is to be added to a product.

2. **Penetration pricing**: Penetration pricing is a pricing strategy where the price of a product is initially set at a price lower than the eventual market price to attract new customers. The strategy works on the expectations that customers will switch to the new brand because of the lower price. Penetration pricing is most commonly associated with a marketing objective of increasing market share or sales volume, rather than to make profit in the short term. The price will be raised later once this market share is gained. For example, toothpaste sold in a remote rural area.

Advantages:

- It can result in fast diffusion and adoption. This can achieve high market rates quickly. This can take the competitors by surprise, not giving them time to react.
- It can create goodwill among the early adopters segment. This can create more trade by word of mouth. It creates cost control and cost reduction pressures from the start, leading to greater efficiency.
- It discourages the entry of competitors. Low prices act as a barrier to entry
- It can create high stock turnover throughout the distribution channel
- This can create critically important enthusiasm and support in the channel.

Disadvantages:

- The main disadvantage with penetration pricing is that it establishes long–term price expectations for the product and image preconceptions for the brand and company. This makes it difficult to eventually raise prices.
- Another potential disadvantage is that the low profit margins may not be sustainable long enough for the strategy to be effective.

3. **Creaming or skimming**: In most skimming, goods are sold at higher prices so that fewer sales are needed to break even. Selling a product at a high price, sacrificing high sales to gain a high profit is therefore "skimming" the market. Skimming is usually employed to reimburse the cost of investment of the original research into the product commonly used in electronic markets when a new range, such as smart phones, are firstly dispatched into the market at a high price. This strategy is often used to target "early adopters" of a product or service. Early adopters generally have a relatively lower price-sensitivity.

Advantages

- Price skimming helps the company in recovering the research and development costs which are associated with the development of a new product.
- If the company caters to consumers who are quality conscious rather than price conscious, then this type of strategy can work in a great way for a company.

Disadvantages

- This strategy can backfire if there are close competitors and they also introduce same products at lower price then consumers will think that the company always sells the products at higher prices which will result in consumers abandoning other products of the company also.
- Price skimming is not a viable option when there are strict legal and government regulations regarding consumer rights.
- If the company has history of price skimming then consumers will never buy a product when it

is newly launched, they would rather wait for a few months and buy the product at lower price.

4. **Variable price method**: Variable pricing is a marketing approach that permits different rates to be extended to different customers for the same goods or services. The approach is often employed in cultures where bargain over the price of goods is considered the norm, or potential buyers are allowed to participate in a bidding situation, such as in an auction. Often, there is a standard price posted for each item on sale. Throughout the process, the buyer tries to drive the price down as much as possible, while the seller attempts to obtain the highest possible return from the sale. Examples:
    - **Difference in order size by the customers**. The soft drink bottle of 200 ml of a company is placed at ₹ 8, while a 2000 ml/ 2 litre bottles is placed at ₹ 55.
    - **Difference in the anticipated business from different customers**. The school fee for the second child and other siblings are charged at a lower rate by the schools.
    - **Difference in the bargaining power of the customer** The price of unbranded/assembled items of computers are charged differently depending upon the awareness and bargaining power of the customers.
    - **Difference in the ability of the consumers to pay**. Different price is charged by the public distribution shops run by the government for wheat, rice and other variety of food items depending on the income groups.

Advantages:

- Sellers can use this pricing strategy to move goods or services that have failed to perform as originally anticipated, allowing them to earn a modest profit

Disadvantages:

- A possible down side to variable pricing is that it can lead to losing other customers who paid full price for their purchases, if they find out that a more recent customer was able to receive a lower price.

What is meant by 'Place Mix' the marketing mix?

Place refers to the point of sale making it easy for the consumer to buy goods and services. Retailers pay a premium for the right location for a successful retail business.

Place mix (Distribution): A channel of distribution or trade channel is defined as the path or route along which goods move from producers or manufacturers to ultimate consumers or industrial users. In other words, it is a distribution network through which the producer puts his products in the market and passes it to the actual users. This channel consists of: producers, consumers or users and the various middlemen like wholesalers, selling agents and retailers (dealers) who intervene between the producers and consumers.

Therefore, the channel serves to bridge the gap between the point of production and the point of consumption thereby creating time, place and possession utilities.

Name the three types of flows in the channels of distribution.

- **Downward flow** of goods from producers to consumers
- **Upward flow** of cash payments for goods from consumers to producers
- **Flow of marketing information** in both downward and upward direction i.e. Flow of information on new products, new uses of existing products, etc from producers to consumers. And flow of information in the form of feedback on the wants, suggestions, complaints, etc from consumers/users to producers.

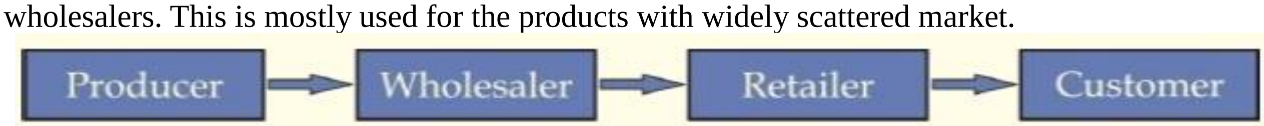
Explain the different types of channels of distributions that are used by businesses to ensure the

delivery of goods and services to the consumers.

1. **Producer-customer (Direct channel-zero level):** This is the simplest and shortest channel in which no middlemen is involved and producers directly sell their products to the consumers. It is fast and economical channel of distribution. Under it, the producer or entrepreneur performs all the marketing activities himself and has full control over distribution. A producer may sell directly to consumers through door-to-door sales persons, direct mail or through his own retail stores. Big firms adopt this channel to cut distribution costs and to sell industrial products of high value. Small producers and producers of perishable commodities also sell directly to local consumers.

2. **Producer-retailer-customer (Indirect-one level):** This channel of distribution involves only one middleman called 'retailer'. Under it, the producer sells his/ her product to big retailers who in turn sell to the ultimate consumers. This channel relieves the manufacturer from burden of selling the goods himself and at the same time gives him control over the process of distribution. This is often suited for distribution of consumer durables and products of high value.

3. **Producer-wholesaler-retailer-customer (Two levels):** This is the most common and traditional channel of distribution. Under it, two middlemen i.e. wholesalers and retailers are involved. Here, the producer sells his product to wholesalers, who in turn sell it to retailers. And, retailers finally sell the product to the ultimate consumers. This channel is suitable for the producers who have limited finance, narrow product line and need expert services and promotional support of wholesalers. This is mostly used for the products with widely scattered market.



4. **Producer-agent-wholesaler-retailer-customer (Three levels):** This is the longest channel of distribution in which three middlemen are involved. This is used when the producer wants to be fully relieved of the problem of distribution and thus hands over his/her entire output to the selling agents. The agents distribute the product among a few wholesalers. Each wholesaler distributes the product among a number of retailers who finally sell it to the ultimate consumers. This channel is suitable for wider distribution of various industrial products.

What are the factors that must be considered while selecting the most appropriate channel of distribution?

An entrepreneur has to choose a suitable channel of distribution that is flexible, effective and consistent with the marketing policies and programmes of the firm. While selecting a distribution channel, the entrepreneur should compare the costs, sales volume and profits expected from alternative channels of distribution and take into account the following factors:

1) **Considerations related to product**: When a manufacturer selects some channel of distribution he/she should take care of such factors which are related to the quality and nature of the product. They are as follows:
    - **Unit value of the product**: When the product is very costly it is best to use a small

distribution channel. For example, industrial machinery or gold ornaments are very costly products that are why for their distribution small distribution channel is used. On the other hand, for less costly products long distribution channel is used.

- **Standardised or customised product**: Standardised products are those for which cost is pre-determined and there is no scope for alteration. On the other hand, customised products are those which are made according to the discretion of the consumer and also there is a scope for alteration, for example; furniture. For such products face-to-face interaction between the manufacturer and the consumer is essential. So for these direct sales is a good option.
- **Perishability:** A manufacturer should choose minimum or no middlemen as channel of distribution for such an item or product which is of highly perishable nature. On the contrary, a long distribution channel can be selected for durable goods.
- **Technical nature:** If a product is of technical nature, then it is better to supply it directly to the consumer. This will help the user to know the necessary technicalities of the product.

2) **Considerations related to market**:
    - **Number of buyers**: If the number of buyers is large then it is better to take the services of middlemen for the distribution of the goods. On the contrary, the distribution should be done by the manufacturer directly if the number of buyers is less.
    - **Types of buyers**: Buyers can be of two types: General Buyers and Industrial Buyers. If the more buyers of the product belong to general category then there can be more middlemen. But in case of industrial buyers there can be fewer middlemen.
    - **Buying habits**: A manufacturer should take the services of middlemen if his/her financial position does not permit him/her to sell goods on credit to those consumers who are in the habit of purchasing goods on credit.
    - **Buying quantity**: It is useful for the manufacturer to rely on the services of middlemen if the goods are bought in smaller quantity.
    - **Size of market:** If the market area of the product is scattered fairly, then the producer must take the help of middlemen.
3) **Considerations related to manufacturer/company:**
    - **Goodwill:** Manufacturer's goodwill also affects the selection of channel of distribution. A manufacturer enjoying good reputation need not depend on the middlemen as he can open his own branches easily.
    - **Desire to control the channel of distribution**: A manufacturer's ambition to control the channel of distribution affects its selection. Consumers should be approached directly by such type of manufacturer. For example, electronic goods sector with a motive to control the service levels provided to the customers at the point of sale are resorting to company owned retail counters.
    - **Financial strength**: A company which has a strong financial base can evolve its own channels. On the other hand, financially weak companies would have to depend upon middlemen.
4) **Considerations related to government**: Considerations related to the government also affect the selection of channel of distribution. For example, only a license holder can sell medicines in the market according to the law of the government. In this situation, the manufacturer of medicines should take care that the distribution of his product takes place only through such middlemen who have the relevant license.
5) **Others Considerations**:
    - **Cost:** A manufacturer should select such a channel of distribution which is less costly

and also useful from other angles.

- **Availability**: Sometimes some other channel of distribution can be selected if the desired one is not available.
- **Possibilities of sales**: Such a channel which has a possibility of large sale should be given weightage. The challenges that an Entrepreneur faces are many in taking the great idea or invention all the way to a finished product. Many hurdles are in the way such as patents, financing, marketing, trademarks, product branding, manufacture and distribution.

What is meant by 'Place Mix' the marketing mix?

It refers to all the activities undertaken to make the product or service known to the user and trade. This can include advertising, word of mouth, press reports, incentives, commissions and awards to the trade. It can also include consumer schemes, direct marketing, contests and prizes. This will be discussed in detail in promotion strategy.

What is meant by 'Sales Strategy' the marketing mix?

A sales strategy consists of a plan that positions a company's brand or product to gain a competitive advantage. Successful strategies help the sales force focus on target market customers and communicate with them in relevant and meaningful ways. Sales representatives need to know how their products or services can solve customer's problems. A successful sales strategy conveys this so that the sales force spends time targeting the correct customers at the right time.

What is the significance of planning in a sales strategy?

Planning and creating an effective sales strategy requires looking at long-term sales goals and analyzing the business sales cycle, as well as meeting with sales people about their personal career goals. Going through these exercises helps business owners and managers gain a more intimate knowledge of the sales intervals, seasonal changes and what motivates the sales team. After creating the long-term sales strategy based on long-term goals, sales managers should create monthly and weekly sales strategies based on the long-term strategy. This allows for short-term performance measurement of the sales team.

What are the different types of sales strategies that an entrepreneur can employ as part of the promotion mix?

Businesses employ one of two basic types of sales strategies to their overall plan:

- **Direct Sales Strategy:** sales people attack the competition head on when talking to the customer. They talk about each feature of the competition's product and compare it to theirs. The term "negative selling" refers to the direct sales approach.
- **Indirect Sales Strategy:** This approach applies more subtle techniques by demonstrating features and benefits not available with the competition's products or services without ever mentioning them by name. This more sophisticated, positive sales strategy requires research and analysis of the competition.

What is the relevance of 'Product Placement" or "Product Positioning" in sales strategy adopted by entrepreneurs?

Product placement and promotion create brand awareness by using the various marketing channels available today. Social media networks offer a free platform for increasing brand awareness. Business owners can utilize these tools effectively by spending time each day to communicate with fans and followers on their social network pages. Customer testimonials readily available for prospects to read or watch lend authority to a small business and the products and services it offers.

Explain the marketing functions performed in a sales strategy?

Regardless of whether a business uses a direct or indirect sales strategy, or a combination of the two, sales managers need to work with sales people on techniques. New customer acquisition and customer retention require two approaches. A sales strategy lays out the steps and methods necessary for customers in different stages. Potential customers need communication that introduces the brand and product or service in ways that show how it can solve his or her problems. Current customers require more personal communication about new features or benefits to keep them engaged. Promotions and referral discounts work to motivate current customers to spend their money and to spread the word to others.

What are the other considerations that must be kept in mind while planning a sales strategy?

Creating an effective sales strategy requires market knowledge, awareness of competitor activities, awareness of current trends and detailed business analysis. Small business owners wishing to create and implement a sales strategy for the first time may want to hire a professional business consultant to help guide the process.

Define promotion strategy in the marketing mix.

Promotion strategy Promotion is the method to spread the word about the product or service to customers, stakeholders and the broader public. There are various approaches a company can use to promote its products, which are:

- **Above-the-line:** This type of promotion focuses on advertising to a large audience. It includes conventional media like print, online, television and cinema advertising. Above-the-line activities include advertisements in the press. They also produce online banner advertisements, place advertisements on billboards and use their website to meet the needs of their consumers.
- **Below-the-line:** This method is very specific, memorable activities focused on targeted groups of consumers. They are under the control of the organisation. The purpose of these activities has been to develop the brand by creating awareness and building a brand profile, which include: sponsorship, sales promotions, public relations, personal selling, direct marketing
- **Through-the-line:** It refers to an advertising strategy involving both above-and below-the- line communications in which one form of advertising points the target to another form of advertising thereby crossing the "line".

Distinguish between 'Above the line' and 'Below the line' strategies of promotion.

Bases	Above the line	Below the line
Target	Mass audience	Identified small groups
Promotions	Establishing brand identity	Can lead to an actual sale
Measurability	Difficult to measure	Easy to measure
Examples	Print, online, television and cinema advertising	Sponsorship, sales promotions, public relations, personal selling, direct marketing

Define Advertising. What objectives are realised in a promotion mix?

Once the target market is identified, the best way to reach them is by using a mix of advertising, personal selling, referrals, sales promotion and public relations to promote their products or services.

Advertising is a paid form of communication designed to persuade potential customers to choose the product or service over that of a competitor.

Successful advertising involves making the products or services positively known by that section of the public most likely to purchase them. It should be a planned, consistent activity that keeps the name of the business and the benefits of products or services uppermost in the mind of the consumer.

Objectives of Advertising:

The main objective of advertising is to increase profit by increasing sales. Advertising aims to:

- Make business and product name familiar to the public
- Create goodwill and build a favourable image
- Educate and inform the public
- Offer specific products or services
- Attract customers to find out more about your product or service

What are the rules of drafting a good advertising plan?

There are four rules to consider when planning any advertising activity:

- **Aim:** What is the primary purpose of the advertisement? Is it to inform, sell, produce listings or improve the image of the business?
- **Target:** Who is the target? From which sector of the public are we trying to achieve a response? For example, is it male, female, adult, teenager, child, mother, father etc.
- **Media:** Bearing the aim and target in mind, which are of the media available is the most suitable – i.e. TV, radio, press or Internet?
- **Competitors:** What are the competitors doing? Which media channel do they use? Are they successful? Can you improve on their approach and beat them in competition?

Explain the AIDA model of Advertising.

- **Attention** – It catches the eye or ear and stands out amid the clutter of competing advertisements.
- **Interest** – It arouses interest and delivers sufficient impact in the message or offering.
- **Desire** – It creates a desire to learn more or crave ownership.
- **Action** – It spurs an action which leads to achievement of the ad's original objective – i.e. it prompts potential customers to purchase or use your product or service.

Elaborate on the different type of promotional media used in the Promotion Mix with their impact on business.

There are many media options open to advertisers. Which media we use will depend on who we are trying to reach, what we want to say looking into the budget. Often a combination of media (the media mix) can be used to good effect.

- **Stationary:** Stationary includes letterheads, envelopes and business cards, is a means by which the business image or ―name identification‖ is projected. Good quality stationery, used with care and attention and with a high standard of presentation, is an everyday means of presenting the business image.
- **Window display or office front**: The external presentation of the business office or shop is one of the principal ways of establishing the business image. An attractive, well maintained exterior with clear, bold sign writing is an essential start. Windows should be bright, attractively presented, scrupulously clean and well lit at night. The display should be arranged neatly and aimed at projecting an attractive company image and providing a reason to buy your products or services. Above all, it should have sufficient impact to attract attention.
- **Press advertising**: This is a commonly used form of general advertising and includes advertising in all press such as newspapers, magazines and journals. Press advertising is

suitable for image building, information dissemination and sales campaigns. It is also a very affordable option for small businesses.

- **Radio:** Radio is considered by many advertisers as an ideal medium due to its ability to reach specific target groups for example teenagers, racing followers or grocery buyers. Radio advertising covers spot adverts (usually 15 or 30 seconds), promotions or talkback/RJ discussions. Most radio stations offer packages which include production and extension of the radio campaign through their websites.
- **Television**: Television is a powerful advertising medium because it creates impact through sight, sound and movement. However, the cost of producing the advertisement and procuring sufficient air time to allow the campaign to work often makes it prohibitive for small businesses.
- **Direct mail:** This is a broad category covering direct communication with the consumer through email, post or fax. It can include newsletters, catalogues and letters.
- **Outdoor:** This is any type of advertising which is done outdoors, including static advertising such as billboards, backs of street benches and bus shelters or mobile advertising displayed on buses, trains, taxis or towed signage.
- **Ambient:** Refers to any form of advertising that occurs in a non-standard medium outside the home, and usually where your consumers are likely to be. It's limited only by imagination and includes things like advertising on the back of shopping receipts or toilet doors at the cinema, placing branded coasters at the local clubs, projecting onto buildings, advertising inside lifts or distributing branded cups.
- **Cinema:** We can purchase cinema advertising by individual cinemas or screens for a set amount of screenings or ―runs‖. Most providers offer packages which include production and screening of your advertisement
- **Point of sale**: Advertising at the point where the consumer makes a purchase decision eg: floor stickers, in-store digital advertising, shopping trolley signage, shelf or counter posters or playing interviews about your product in store.
- **Online:** The options for online advertising continue to grow rapidly. They include advertising on your website, advertising on other websites, creating links to your website from other websites, publishing blogs, offering online product games, social networks and forums.
- **Directory listings**: Many consumers use business directories to find a supplier. Directories include the yellow or white pages, union directories, trade directories or local business directories.

What are personal selling efforts in promotion mix? State the role of a salesman in personal selling?

It means selling products personally. It involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales. Companies appoint salesperson to contact prospective buyers and create awareness about the company's product. Thus a salesperson plays three different roles

- Be persuasive
- A service provider
- Be informative

Define sales promotion.

Sales promotion relates to short–term incentives or activities that encourage the purchase or sale of a product or service. Sales promotions initiatives are often referred to as below the line‖ activities. The major sales promotion activities Sales promotion activities can be targeted towards final buyers (consumer promotions), business customers (business promotions), retailers and wholesalers (trade promotions) and members of the sales force (sales force promotions).

What are the different ways by which sales promotion activities can be done as part of marketing?

Here are some typical sales promotion activities:

- **Consumer promotions**
    - Point of purchase display material
    - In-store demonstrations, samplings and celebrity appearances
    - Competitions, coupons, sweepstakes and games
    - On-pack offers, multi-packs and bonuses
    - Loyalty reward programmes
- **Business promotions**
    - Seminars and workshops
    - Conference presentations
    - Trade show displays
    - Telemarketing and direct mail campaigns
    - Newsletters
    - Event sponsorship
    - Capability documents
- **Trade promotions**
    - Reward incentives linked to purchases or sales
    - Reseller staff incentives
    - Competitions
    - Corporate entertainment
    - Bonus stock
- **Sales force promotions**
    - Commissions
    - Sales competitions with prizes or awards
    - Back to top

Define Public Relations. How does it help in Promotion of business?

It is the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organisation (or individual) and its (or their) public.

Public relations is about building good relations with the stakeholders (public) of the business by obtaining favourable publicity, building a good corporate image and handling or heading off unfavourable rumours, stories and events. By building good relationships with the stakeholders, particularly customers, we can generate positive word of mouth and referrals from satisfied customers.

Who are stakeholders?

Stakeholders are the various groups in a society which can influence or pressure your business decision making and have an impact on its marketing performance. These groups include:

- Clients/customers
- Staff
- Shareholders
- Strategic partners
- Media
- Government

- Local community
- Financial institutions
- Community groups

Name the main public relation tools used in public relations?

- Usual public relations tools include:
- News creation and distribution (media releases)
- Special events such as news conferences, grand openings and product launches
- Speeches and presentations
- Educational programs
- Annual reports, brochures, newsletters, magazines and Audio–visual presentations
- Community activities and sponsorships

Define Negotiation. Having good negotiation skills help a business contributes to business success. Elaborate on the given statement.

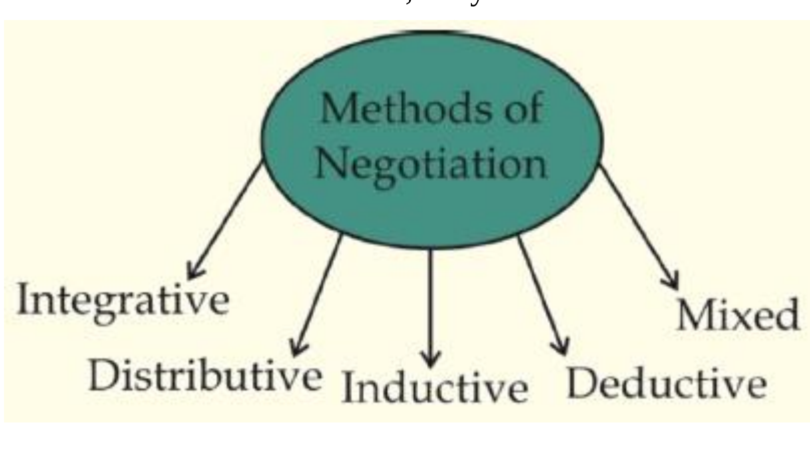
Negotiation is a process where two or more parties with different needs and goals discuss an issue to find a mutually acceptable solution. In business, negotiation skills are important in both informal day-to-day interactions and formal transactions such as negotiating conditions of sale, lease, service delivery, and other legal contracts.

Good negotiations contribute significantly to business success, as they:

- Help in building better relationships
- Deliver lasting, quality solutions - rather than poor short-term solutions that do not satisfy the needs of either party
- Help in avoiding future problems and conflicts.

Explain the different negotiation strategies that a business can use for effective negotiations.

1. **Integrative** negotiations are commonly referred to as ―win-win.!. In this type of negotiation, each side is working towards a solution where everyone wins something. They can make trade-offs, look at multiple issues, and try to expand the pie rather than divide it. Integrative negotiations foster trust and good working relationships.
2. **Distributive** negotiations are referred to as ―win-lose. One party gets what they want, and the other party has to give something up. For example: If you feel like you got a good deal and the property manager had to give something up for you, you ―won. If you feel like the property manager had the upper hand and you got ripped off, you ―lost. The parties' interests often seem to be opposed (although this may not be the case once you look at things creatively), and so this type of negotiation does not lead to lasting or positive relationships.
3. **Inductive:** The inductive method involves starting on small details and working upward until a settlement is reached. This can be the case where, for example, an employer and labour union are negotiating the details of an employee pension and investment plan. Small details are addressed one at a time.
4. **Deductive**: Deductive negotiations start with an agreed upon strategy. They rely on established principles and a formula to frame the negotiation while the parties work out the details.
5. **Mixed:** negotiations are the most common; they are a blend of inductive and deductive methods.



What is meant by ‘Customer relations’? How does it help a business?

CRM or **Customer Relationship Management** involves all aspects of interaction that a company has with its customer, whether it is sales or service-related. It is the process of carefully managing detailed information about individual customers in order to manage loyalty.

CRM is often thought of as a business strategy that enables businesses to:

- Understand the customer
- Retain customers through better customer experience
- Attract new customer
- Win new clients and contracts
- Increase profitability
- Decrease customer management costs

Customer relationship management solutions enable companies to provide excellent real-time customer service through the effective use of individual account information. Based on what they know about each valued customer, companies can customize market offerings, services, programs, messages and media.

How does the use of technology help in promoting CRM for a business?

The impact of technology on CRM Technology and the Web has changed the way companies approach CRM strategies because advancement in technology have also changed consumer buying behaviour and offers new ways for companies to communicate with customers and collect data about them. With self-service channels like the Web and smartphones, customer relationship is being managed electronically. Many aspects of CRM relies heavily on technology to collect, manage and link information about the customer with the goal of letting you market and sell services effectively.

What are the long term benefits in maintaining high levels of CRM?

The biggest benefit most businesses realize when moving to a CRM system comes directly from having all business data stored and accessed from a single location. Storing all the data from all departments (For example, sales, marketing, customer service and HR) in a central location gives management and employees immediate access to the most recent data when they need it. Departments can collaborate with ease and it helps organization to develop efficient automated process to improve business processes. Other benefits include a 360-degree view of all customer information, knowledge of what customers and the general market wants and integration with your existing applications to consolidate all business information.

What is meant by Employee management?

Employee relationship management is a process that companies use to effectively manage all interactions with employees, ultimately to achieve the goals of the organisation. The human resources department can play a critical role in this process, both in terms of training and coaching managers and executives on how to effectively establish and nurture relationships with employees and in measuring and monitoring those relationships to determine whether objectives are being met.

Explain the factors which lead to effective employee relationship within an organisation.

1) **Identifying objectives**: Employee relationship management is a general term that means a lot of different things to a lot of different people. For most companies, relationship management

centres around items like attracting and retaining employees. Common measures of the effectiveness of these relationships include time to hire, turnover and employee satisfaction.

2) **Determining employee needs:** Needs vary greatly depending on employee characteristics--age, gender, etc. as well as the type of job being performed. It is a good idea to find out directly from employees what their needs are. This can be done on one-on-one conversations that take place informally throughout the year, during formal employee evaluation meetings and through surveys and polls that can provide a quantitative indication of employee needs.
3) **Balancing work and life needs:** That means taking steps to ensure that the employee's work-life needs are well balanced. This can occur through creative staffing that might involve part-time, flex–time or even off-site work assignments.
4) **Open and honest communication:** Communication is critical to establishing strong employee relationships. Managers must be committed to communicating regularly and honestly with employees about the issues that impact their work. The more open organizations can be, the more likely they are to establish strong relationships and increased loyalty.
5) **Measuring and monitoring results**: Effective employee relationship management requires on-going attention. That means that managers and their HR departments should be alert at all times for signs of discontent, which can be subjective, as well as carefully monitoring the results of more formal assessments. These results should also be shared with employees.
6) **Relationships are interpersonal:** To manage any relationship; a clear understanding of employees' needs and a desire to meet those needs is foundational. Then steps must be taken to interact effectively with employees through a variety of communication channels, both interpersonal and formal. Finally, measurement of the effectiveness of these efforts should be frequent and on-going, with improvements and adjustments made when results are not showing continual improvement or satisfactory levels of performance.

Define Vendor management. How is it ensured that a good vendor entrepreneur relationship is maintained?

Vendors are individuals or businesses that supply goods or services to other individuals or businesses. Vendor management is a term used to describe the process of finding, qualifying and doing business with vendors. Common activities include researching vendors, negotiating contracts, obtaining quotes, evaluating performance, creating and updating vendor files, and ensuring that payments are made properly.

Once a business determines that it has a need that must be outsourced, find one or more vendors that can supply the good or service needed and evaluate each vendor based on pricing, capabilities, turn-around time, quality of work, and company reputation. After vendors are selected, vendor management is a matter of managing vendors, assigning jobs or contracts as needs arise, and ensuring that contract terms are followed. Vendor management often involves a great deal of electronic or manual paperwork.

'Quality has a price'. Ensuring high standards of quality is essential for customer retention. Briefly discuss the impact of quality on customer satisfaction.

Quality, timeliness and customer satisfaction

Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs. A company that satisfies most of its customer needs most of the time is called a quality company.

Impact of quality: Product and service quality, customer satisfaction and company profitability are intimately connected. Higher level of quality results in higher level of customer satisfaction, which supports higher prices and (often) lower costs. Companies that have lowered costs to cut corners have paid the price when the quality of the customer experience suffers. Quality is clearly the key to value creation and customer satisfaction.

What is business failure?

Business failure refers to a company ceasing operations following its inability to make a profit or to bring in enough revenue to cover its expenses. A profitable business can fail if it does not generate adequate cash flow to meet expenses.

List and explain the most common reasons that lead to business failure.

The 12 broad causes that lead to a business failure are summarized below.

1. **Lack of industry experience:** Every business has an environment in which it operates. The internal resources of a firm must match the needs of the environment to which the firm caters. Lack of experience in the industry will lead to poor organization of a firm and its resources.
2. **Inadequate financing**: Financing is the lifeblood for growing a business whether in the start-up phase or in a later stage. Many businesses fail due to lack of proper financing channels. It is not a matter of unavailability of funding, but the lack of planning for funding to support opportunities for growth.
3. **Lack of adequate cash flow**: Cash flow is the measure of a firm's ability to maintain sufficient funding to meet its expenses for the day-to-day activities of the business. Many small businesses fail because owners have a difficult time projecting what cash will come in every month, and thus, how much can go out. It is vitally important for an entrepreneur to learn some basic accounting disciplines and be able to make cash flow projections.
4. **Poor business planning**: Nine out of ten business failures are caused by a lack of general business management skills and planning. A good **business plan** helps identify the mission; cost structure; market; external influences; and strengths and weaknesses of a business. The business plan can separately include a marketing plan, operating plan, etc.
5. **Management incompetence**: Ninety percent of business failures are associated with "management inadequacy", which consist of either management inexperience or incompetence. Good management efficiently implements and monitors the strategic and operational plan of a business.
6. **Ignoring the competition:** Customers are always looking for the best deal, or at least, a better deal. And if the competition offers better products, services, or prices, the customers will succeed at the expense of the business. Keeping an eye on competitors and positioning the products accordingly is vital to staying in business.
7. **Unrealistic goals:** It is one thing to set goals and another thing to set workable goals. Entrepreneurial initiatives are fundamentally influenced by uncertainty. Setting realistic goals, within the bounds of acceptable risk taking and optimism, is important.
8. **Diminished customer base:** Competition can cause the customer base to diminish. From a small business's perspective, it is good to focus on a customer strategy that works well for their business. Diversifying the customer base is an important factor in building the business. Being flexible enough to adapt to new trends and ideas is important for staying in business.
9. **Uncontrolled growth:** Uncontrolled growth of the business can also cause it to fail if not handled appropriately. Proper planning must be in place even for business growth. Successful growth requires a professional management team, flexible organization, and proper systems and controls.
10. **Inappropriate location:** Even the best-run retail establishment will have a difficult time succeeding if it is in a poor location. Location may not be applicable to all types of businesses, but when it is, it may be critically important.
11. **Poor system of control:** While setting proper goals to manage the business, a system of controls is also needed to measure performance. A firm cannot control the external factors affecting its environment such as customers and competitors but it can adapt its internal

organizational activities. A lack of proper control on internal activities can eventually lead to business failure. Controls can be set in place to measure the quality and quantity of production.

12. **Lack of entrepreneurial skills:** Mostly during the start-up phase of a new business, lack of entrepreneurial skills in an owner can cause a business to fail. This may not be true during the later growth and maturity periods of business where more administrative and management skills are required. Entrepreneurs generally have a high need for achievement and social awareness, and they are high risk takers. Consequently, the personal and personality characteristics of an owner can be the cause of business failure.