

FUNDAMENTALS OF MARKETING

EXAM MARKING SCHEME

Raymond's experiment with khadi

Raymond is a significant textile business worldwide known for its fabric quality and fitting suits. The brand now plans to customize its fabric to suit the Indian market. For this, the market experts narrow down to the traditional Indian material- "Khadi".

Khadi is a hand-woven, light, and comfortable fabric with some rich cultural and historical significance. Raymond, in its latest marketing strategy, tried to integrate Khadi in modern fashion. The marketing team adopted innovative advertising ideas to make their product more appealing and relatable.

1. Advise the marketing team on the five levels of a product (10mks)

Core benefit: The first and the basic level is the core product/benefit the customers look at. It is the basic good or service purchased, aside from its packaging or accompanying services. The core benefit is the fundamental need or wants that the customer satisfies when they buy the product or service.

Generic product: The generic product is a basic version of the product made up of only those features necessary for it to function. In our hotel example, this could mean a bed, towels, a bathroom, a mirror, and a wardrobe.

Expected product: The expected product is the set of features that the customers expect when they buy the product. In our hotel example, this would include clean sheets, some clean towels, Wi-fi, and a clean bathroom.

Augmented product: The augmented product refers to any product variations, extra features, or services that help differentiate the product from its competitors. In our hotel example, this could be the inclusion of a concierge service or a free map of the town in every room.

Potential product: The potential product includes all augmentations and transformations the product might undergo in the future. In simple language, this means that to continue to surprise and delight customers the product must be augmented

2. Raymond is a significant textile business worldwide known for its fabric quality and fitting suits. The brand now plans to customize its fabric to suit the Indian market. For this, the market experts narrow down to the traditional

Indian material- “Khadi”. As an expert in marketing help Raymond to understand key dimensions of a brand and in this case “Khadi”.(10mks)

The Essence of the Brand

How are you going to describe the essence of the brand to your colleagues and business partners in one short, memorable, and motivating sentence? What makes it special?

Slogan

How are you going to describe the essence of the brand to your customers in one short, memorable, and motivating sentence?

This should hint at the central organizing thought, without necessarily stating it

The Personality of the Brand

If the brand were indeed human, what sort of person would it be - jovial, serious, sporty, aristocratic, or cunning?

The Values of the Brand

What does the brand stand for? What does it believe in? What would it make a stand on?

Tastes/Appearance

What does the brand like? What does it look like? What does it wear? How does it speak?

This will include the iconography of the brand - the icons, the symbols, the trade dress, the typeface, and the look and feel.

Heritage

All great brands have stories about them. Some are favorable, some are less favorable, but all of them work to explain what the brand is all about. Telling stories about the brand is one of the strongest ways of communicating the essence of your brand.

Emotional Benefits

What does the brand do for its customers? These can usually be classified into:

- Avoids pain
- Reduces pain
- Gives pleasure

Hard Benefits

What does the brand offer its customers in tangible, quantifiable terms? These are the benefits as in —Features, Advantages and Benefits.

- 3. Physical products require packaging to protect them from damage and to present both the product and its brand attractively to a target group**

of consumers. Elaborate this statement to Raymond textile business (10mks)

Packaging provides a surface upon which to communicate information about the product and the brand, and as such, it is an essential element of product branding. Through the use of text, images and other communication devices, packaging can articulate the attributes and benefits of a product to consumers. Packaging also works to convey the brand characteristics that will position it within the minds of consumers and that will ultimately differentiate it from its competitors.

Packaging is often the first point of contact that a consumer has with a brand, so it is hugely important that it initially draws their attention and also quickly conveys the messages that both present and support the brand. Communicating a brand message extends beyond the information and visual content of packaging. The physical materials used for packaging products also importantly contribute to the overall brand statement projected. A brand cannot be positioned as a high quality or luxury product if its packaging is fragile and low quality. There has to be a direct correlation between the packaging's physical attributes and the messages that the brand seeks to project.

Packaging is now generally regarded as an essential component of modern lifestyle and the way business is organized. Packaging is the enclosing of a physical object, typically a product that will be offered for sale. It is the process of preparing items of equipment for transportation and storage and which embraces preservation, identification and packaging of products. Packaging is recognized as an integral part of modern marketing operation, which embraces all phases of activities involved in the transfer of goods and services from the manufacturer to the consumer. Packaging is an important part of the branding process as it plays a role in communicating the image and identity of a company.

Packaging is best described as a coordinated system of preparing goods for transport, distribution, storage, retailing, and use of the goods. It is a complex, dynamic, scientific, artistic, and controversial business function. Fundamental function of packaging: contain, protects/preserves transports informs/sells. Packaging functions range from technical ones to marketing oriented ones.

4. Raymond is a significant textile business worldwide known for its fabric quality and fitting suits. The brand now plans to customize its fabric to suit the Indian market. For this, the market experts narrow down to the traditional Indian material-“Khadi”. Advise this company on the pricing strategies they can use to make the

product competitive since the price makes the customers confident about the quality of the goods they buy.(10mks)

1) Price Skimming/High price policy

This policy is applied when a new product is introduced. The product is brought to market at a high initial price. This strategy is followed in case of products which have a very short life and quickly become obsolete, such as electronic gadgets, fashionable products, book and magazines covering-current issue etc.

2) Penetration pricing/Low price policy

In this policy the introductory price of a product is low which may subsequently increase. The idea behind entering the market with a low selling price is to attract customers towards the market and increase the market coverage, which results in higher volume of production and consequently reduces cost.

3) Premium pricing

Premium pricing strategy establishes a price higher than the competitors. Premium pricing can be a good strategy for companies entering the market with a new market and hoping to maximize revenue during the early stages of the product life cycle.

4) Psychological pricing

This strategy is commonly used by marketers in the prices they establish for their products. For instance, rs.99 is psychologically “less” in the minds of consumers than rs.100. It’s a minor distinction that can make a big difference.

5) Geographic pricing

A producer may cover a wide area for the distribution of his product. The distance and transportation cost involved in moving the products from the place of production to different regions for marketing, plays a pivotal role in fixing the selling price.

6) Single pricing

If a single price is charged without discriminating between regions and customers, it is single-price policy. Example, Hindustan Unilever Ltd, Wipro consumer products sell their products at a single price throughout the country.

7) Location pricing

The prices charged will depend upon the location of supply of product or service. Railways charge different fares for II class, A/C sleeper coaches. In a hospital charges are different for general ward, special ward etc.

8) Variable pricing

Where the selling price charged is varied from customer to customer depending on his bargaining capability, it is variable pricing. For example, vegetable and fruits vendors, granite merchants etc.

9) Bundle pricing

A group of products sold as a package is called a product bundle or bundle pricing. The price of the bundle includes the price of all individual products constituting the bundle. For example, make-up kit, shaving-kit etc.

10) Time pricing

Where the price charged is related to time, it is time pricing. For example, Auto charges one and a half time the regular fare between 9pm and 6am.

11) Product-line pricing

A product line has different brands or models of a product. Where the prices of each model or brand is different from the other.

12) Market segment pricing

In this strategy the customers will be divided into different segments based on common feature and a single price is charged to customers belonging to a segment.

4. "The marketing team adopted innovative advertising ideas to make their product more appealing and relatable." Discuss the need for promotion(10mks)

1. Promotion is essential to persuade consumers who have established product loyalties. As there are so many product choices consumers often settle on a particular 'satisfactory brand' and purchase it repeatedly to reduce the effort involved in choosing another product. Thus, the target market often includes people who have established product loyalties. To change the buying habits of such people promotion becomes essential for the marketer.
2. A second reason for the rising importance of promotion is the widening physical and emotional distance between producers and consumers. Once marketing intermediaries are involved it is not enough for a producer to communicate only with the ultimate consumers. Marketing intermediaries must also be informed about products. Wholesalers must promote products to retailers, and retailers must promote products to consumers.
3. Intense competition within and between industries has placed pressure on the promotional programs of individual sellers. Most colleges and universities, for example must deal directly with other colleges and universities as well as with all other organizations that offer people educational and vocational alternatives.
4. Consumers are beyond the need to fulfill their basic physiological requirements and are moving toward fulfilling their desires. As they allocate their limited resources to the purchase of desires rather than basic needs, they become more selective in their choices. A good promotional program helps

consumers make these choices in a more satisfying way. The promotional effort is usually the largest part of the total marketing expense. Managers must be certain that the high level of expenditure produces the desired results.

5. Finally, during times of economic decline, product planning, distribution channels, and pricing structure change. Promotion is needed in order to maintain the level of sales and profit required for a firm's survival. Redesigning messages, advertising differently and smarter, and improving sales promotion offers are some of the ways to stimulate consumer.

5. Elaborate why this company has to think about channels of distribution (10mks)

A channel of distribution for a product is the route taken by the title to goods as they move from the producer to the ultimate consumer or industrial user. It brings maximum profit to all. The channel of distribution is very important to the producer and the consumer. There is a big gap between the producer and the consumer and the gap is shrunk by the channel of distribution