SECTOR: BUSINESS SERVICES

SUB-SECTOR: BUSINESS SERVICES

RTQF LEVEL 4

BUSSM 401 STUDY OF THE MARKET

1. IDENTIFY CUSTOMERS' NEEDS

1.1 Accurate listing of customers according to their needs

1.2 Appropriate categorization of customers in line with their segments

1.3 Efficient choosing of customers according to their loyalty

2. DETERMINE BUSINESS COMPETITORS

2.1 Regular preparation of the list of competitors in line with market

2.2 Proper classification of competitors according to their strengths and weaknesses.

2.3 Careful determination of competitive advantage according to organization policies

2.4 Adequate choice of strategies in order to gain market share.

3. IDENTIFY PRODUCTS

3. 1. Precise listing of products in line with market demand

3.2 Proper determination of types of products in line with market demand

3.3 Proper selection of products to be used in line with market demand.

4. IDENTIFY OPPORTUNITY

4.1 Appropriate examination of opportunities in line with business environment.

4.2 Convenient selection of competitive advantage according to available opportunities

4.3 Efficient exploitation of opportunity in line with market demand

L.U <u>1. IDENTIFY CUSTOMERS' NEEDS</u>

1.1: LIST CUSTOMERS ACCORDING TO THEIR NEEDS

MARKET; is an arrangement that brings buyers and sellers into close contact to transact business with an aim of making profits. It may be physical place, communication through telephone ,fax and mail.

- **DESCRIPTION OF A CUSTOMER**

CUSTOMER is a person who purchases goods or services from another; **buyer; patron**.

- **IDENTIFICATION OF CUSTOMERS**

1. **Potential customer** is a person who may buy a particular thing. there is a high possibility of this person buying that thing.
   .Potential customers. people who could be customers.
   .Potential customers are those who have not yet taken our services but likely to be our future customers interested in our services.

2. **New customer** is the fresh customer that just bought something from you. He is still learning the ropes of using your product
3. ***Impulsive Customer*** This is the type of customer that can make a buying decision in an instant, provided that the conditions are right.
4. ***Discount customer*** is the type of customer that sees value in your product but won't buy it at full price.
5. ***Loyal customer*** This type of customers **keeps coming back for more**.

- **CRITERIA USED IN LISTING CUSTOMERS**

1. Customers' location
2. Access to customers
3. Purchasing power
4. Customer's needs
5. Customer habits
6. Customer taste and preferences
7. Age
8. Sex
9. Level of income
10. Location
11. Beliefs

1.2: CATEGORIZE CUSTOMERS IN LINE WITH THEIR SEGMENTS

IDENTIFICATION OF CUSTOMERS SEGMENTS

Customer segmentation is the practice of dividing a customer base into groups of individuals that are similar in specific ways relevant to marketing, such as age, gender, interests and spending habits.

TYPES OF CUSTOMERS

a) Potential

b) Discount

c) New customer

d) Loyalty

e) Wondering : **Wandering Customers** These are the least profitable customers as sometimes they themselves are not sure what to buy. These customers are normally new in industry and most of the times visit suppliers only for confirming their needs on products.

SEGMENT CLASSIFICATION

- **Supply quantity**

This is how much a business or corporation produces to meet the demand of the consumers.

a) Supply frequency

1.3: CHOOSE CUSTOMERS ACCORDING TO THEIR LOYALTY

INTRODUCTION TO CUSTOMER LOYALTY

CUSTOMER LOYALTY

Customer loyalty is commitment to repeat encouragement from a chosen product or service consistently, due to this the customer will continue to prefer the brand and avoid the brand switching and replacement, and these become a loyal customer.

Customer satisfaction is the customer response towards the services! Whatever he receive according to their expectations. Customer satisfaction is a delivering of the services according to the requirements of the customers! its generates a positive response towards the brand

TERMS AND CONDITIONS OF PAYMENT

a) **Cash payment :** A form of liquid funds given by a consumer to a provider of goods or services as compensation for receiving those products. In most domestic business transactions, a cash payment will typically be made in the currency of the country where the transaction takes place, either in paper currency, in coins or in an appropriate combination.

b) Payment order :- is an international banking term that refers to a directive to a bank or other financial institution from a bank account holder instructing the bank to make a payment or series of payments to a third party.

c) Timing : the choice, judgment , or control of when something should be done.

d) Installments: any of several parts into which a debt or other sum payable is divided for payment at successive fixed times:

E.g: to pay for furniture in monthly installments.

e. Cheques payment ; A **cheque** or **check** is a document that orders a bank to pay a specific amount of money from a person's account to the person in whose name the cheque has been issued.

The person writing the cheque, the *drawer*, has a transaction banking account where their money is held. The drawer writes the various details including the monetary amount, date, and a payee on the cheque, and signs it, ordering their bank, known as the *drawee*, to pay that person or company the amount of money stated.

f. **Transfer payment ;** One-way payment of money for which no money, good, or service is received in exchange. Governments use such payments as means of income redistribution by giving out money under social welfare programs such as social security, old age or disability pensions, student grants, unemployment compensation, etc.

g. E-payment(electronic payment

- An e-payment system is a way of making transactions or paying for goods and services through an electronic medium, without the use of checks or cash. It’s also called an electronic payment system or online payment system **.**

- There are several payment methods (and organization) supporting electronic payments and ecommerce over the internet:

- **Credit Card** — A form of the e-payment system which requires the use of the card issued by a financial institute to the cardholder for making payments online or through an electronic device, without the use of cash.

- **E-wallet** :A form of prepaid account that stores user's financial data, like debit and credit card information to make an online transaction easier.
- **Smart card** :A plastic card with a microprocessor that can be loaded with funds to make transactions; also known as a chip card.

- **Direct debit**: A financial transaction in which the account holder instructs the bank to collect a specific amount of money from his account electronically to pay for goods or services.
- **E-check** :A digital version of an old paper check. It's an electronic transfer of money from a bank account, usually checking account, without the use of the paper check.
- **E-cash** is a form of an electronic payment system, where a certain amount of money is stored on a client's device and made accessible for online transactions.
- **Stored-value card** :A card with a certain amount of money that can be used to perform the transaction in the issuer store. A typical example of stored-value cards are gift cards.
- Wireless payments

BENEFITS OF E-PAYMENT

- Reaching **more clients** from all over the world, which results in more sales.
- More **effective and efficient transactions** — It's because transactions are made in seconds (with one-click), without wasting customer's time. It comes with speed and simplicity.
- **Convenience**. Customers can pay for items on an e-commerce website at anytime and anywhere. They just need an internet connected device. As simple as that!
- **Lower transaction cost** and decreased technology costs.
- **Expenses control for customers**, as they can always check their virtual account where they can find the transaction history.

LIMITATIONS OF E -PAYMENT

- E-commerce **fraud** is growing at 30% per year. If you follow the security rules, there shouldn't be such problems, but when a merchant chooses a payment system which is not highly secure, there is a risk of sensitive data breach which may cause identity theft.
- **The lack of anonymity** — For most, it's not a problem at all, but you need to remember that some of your personal data is stored in the database of the payment system.
- **The need for internet access** — As you may guess, if the internet connection fails, it's impossible to complete a transaction, get to your online account, etc.

L.U.2 DETERMINE BUSINESS COMPETITORS

2.1 PREPARE THE LIST OF COMPETITORS IN LINE WITH MARKET

- **DEFINING THE MARKET**

MARKET; is an arrangement that brings buyers and sellers into close contact to transact business with an aim of making profits. It may be physical place, communication through telephone ,fax and mail.

- DESCRIPTION OF A COMPETITOR

A **COMPETITOR**: Any person or entity which is a rival against another.
In business, a company in the same industry or a similar industry which offers a similar product or service. The presence of one or more competitors can reduce the prices of goods and services as the companies attempt to gain a larger market share.

IDENTIFICATION OF COMPETITORS

One of the more strategic steps is the competitor analysis.
This exercise allows us to see how our clients measure up against their competition and what they can do to stand out. **Identifying strengths**, **weaknesses, and areas of improvement are all desired outcomes,** but before we can see what the competition is doing, we must first figure out *who* the competition is.

ADVANTAGES AND DISADVANTAGES OF COMPETITIVE MARKET

Whether the society is developed or underdeveloped, a market economy has several important advantages and several major disadvantages: Among the advantages, we find the following:

1. Competition between different firms leads to increased efficiency, as firms do whatever is necessary—including laying off workers to lower their costs;

2. Most people work harder (the threat of losing one's job is a great motivator);

3. There is more innovation as firms look for new products to sell and cheaper ways to do their work;

4. Foreign investment is attracted as word gets out about the new opportunities for earning profit;

5. The size, power, and cost of the state bureaucracy is correspondingly reduced as various activities that are usually associated with the public sector are taken over by private enterprises;

6. The forces of production, or at least those involved in making those things people with money at home or abroad want to buy, undergo rapid development;

7. Many people quickly acquire the technical and social skills and knowledge needed to function in this new economy;

8. A great variety of consumer goods become available for those who have the money to buy them; and

9. Large parts of the society take on a bright, merry and colorful air as everyone busies himself trying to sell something to someone else.

THE DISADVANTAGES, we find the following:

1. Distorted investment priorities, as wealth gets directed into what will earn the largest profit and not into what most people really need .

2. Worsening exploitation of workers, since the harder, faster, and longer people work just as the less they get paid the more profit is earned by their employer .

3. Overproduction of goods, since workers as a class are never paid enough to buy back, in their role as consumers, the ever growing amount of goods that they produce.

4. Growing unemployment (machines and raw materials are available, but using them to satisfy the needs of the people who don't have the money to pay for what could be made would not make profits for those who own the machines and raw materials—and in a market economy profits are what matters);

5. Growing social and economic inequality (the rich get richer and everyone else gets poorer, many absolutely and the rest in relation to the rapidly growing wealth of the rich);

6. Those with the most money also begin to exercise a disproportional political influence, which they use to help themselves make still more money;

7. Increase in corruption in all sectors of society, which further increases the power of those with a lot of money and puts those without the money to bribe officials at a severe disadvantage;

8. Increase in all kinds of economic crimes, with people trying to acquire money illegally when legal means are not available.

9. Reduced social benefits and welfare (since such benefits are financed at least in part by taxes, extended benefits generally means reduced profits for the rich; furthermore, any social safety net makes workers less fearful of losing their jobs and consequently less willing to do anything to keep them).

DEFINITION OF COMPETITIVE MARKET

A competitive market is one where there are numerous producers that compete with one another in hopes to provide goods and services we, as consumers, want and need. In other words, not one single producer can dictate the market. Also, like producers, not one consumer can dictate the market either. This concept is also true where price and quantity of goods are concerned. One producer and one consumer can't decide the price of goods or decide the quantity that will be produced.

CHARACTERISTICS OF A COMPETITIVE MARKET

Okay, we know that competitive markets contain multiple firms and multiple consumers influencing the products that are produced. So, the next step is looking at the five major characteristics that are often associated with these types of markets.

1. Profit

If there is money to be earned, there is interest. When a firm has the opportunity to make a profit, this provides an incentive for them to go ahead and enter the market. For example, if a company is thinking about producing bubblegum, and they learn that they can make money doing so, they will use that money incentive to enter the competitive market and begin to produce the bubblegum.

2. **Diminishability**

This simply means that as more products are purchased, there will be less stocks available. As the stocks diminish, the price will rise. For example, if an individual buys a red car, there will be fewer red cars available for other consumers to buy. Therefore, the producer may raise the cost of the red cars because they know that other consumers will be willing to pay more so they can get one of the last remaining red cars.

3. **Number of Buyers and Sellers**

Competitive market consists of a large number of buyers and sellers that are small relative to the size of the overall market. The exact number of buyers and sellers required for a competitive market is not specified, but a competitive market has enough buyers and sellers that no one buyer or seller can exert any significant influence on the dynamics of the market.

4. Homogenous Products

Competitive markets is that the sellers in these markets offer reasonably homogenous or similar products.

In other words, there isn't any substantial product differentiation, branding, etc., in competitive markets, and consumers in these markets view all of the products in the market as being, at least to a close approximation, perfect substitutes for one another.

5. No Barriers to Entry

In competitive markets, is that firms can freely enter and exit the market. In competitive markets, there are no barriers to entry, either natural or artificial, that would prevent a company from doing business in the market if it decided that it wanted to.

6. Many small firms

7. **Each firm is a price taker; no influence on market price**

2.2: CLASSIFY COMPETITORS ACCORDING TO THEIR STRENGTHS AND WEAKNESSES

Competitive Analysis The strength of the competition is key to finding your competitive advantage.

Defining your key industrial competitive pressures provides a framework for developing strategies to your growth.

Analyzing the primary competitor and identifying their Strengths, Weaknesses, Opportunities, and

Threats (SWOT Analysis) help determine target markets, marketing plan, customer service, sales forecasting and sales planning.

2.2.1 IDENTIFICATION OF STRENGTHS AND WEAKNESSES OF COMPETITORS

a) **IDENTIFICATION OF STRENGTHS OF YOUR PRIMARY COMPETITOR**

- What is your primary competitor's competitive advantage?
- Does the competition have a unique area of specialty or expertise
- Who is the competition's target market?
- What are their promotional strategies?
- What do their customers really like about them?
- How do they communicate to their customers? (Marketing methods used)
- Do they have specific strengths in personnel, delivery, customer service, technology, promotional materials, or product delivery that will be difficult challenges to overcome?
- What new products are they developing?

- **IDENTIFICATION OF WEAKNESSES OF YOUR PRIMARY COMPETITOR**

- What target markets are they missing or under serving?
- What is one thing their customers would change? What do their customers dislike?
- Is their message appropriate for the target market? Does it identify benefits for using their company or only features?
- Are they using the right media to contact their target market?
- What are areas of weakness that you can use as attack points?
- Can you have a competitive advantage in product delivery time, customer service, placement/access to the product/service, providing information, saving space for storage, use of personnel energy/time to save money?

2.2.2 CLASSIFICATION OF COMPETITORS IN MAIN CATEGORIES

a) Wholesale competition is a market structure in which retail companies have a choice of two or more suppliers from whom they can purchase the commodities that they resell to their customers.

- Wholesale involving the business of selling goods in large quantities to businesses, rather than to the general public.
- Wholesale involving the business of providing services to other businesses, rather than to the general public.

b) Middle sale

c) Retailer

RANKs OF COMPETITORS

- Strong competitors
- Average competitors
- Small competitors

2.3 Determine competitive advantages according to organization policies

a) IDENTIFYING ORGANIZATION UNIQUENESS

What Makes Each Organization Unique

All organizations are systems and all systems have similar features. Yet, there are aspects of these features that can make systems act differently, at different times. It is critical for you to recognize these differences when you are working with your clients to identify organizational issues and how to address them.

The following list includes some major considerations for you to address when attempting to identify the unique aspects of your client's organization.

1. **Culture of the organization**

You work differently with your client's organization, depending on the organization's culture. An organization's culture is similar to its overall "personality." For example, some organizations operate in a highly "business-like" fashion with extensive formality of rules. Other organizations pride themselves on operating in a highly informal, relaxed fashion.

2. **Life cycle of the organization**

The particular life cycle of an organization can make a big difference in how consulting should be carried out because organizations often operate differently during different life cycle stages. For example, the nature of their planning, policies and procedures can change substantially between stages.

3. Size of the organization

The larger the organization, the sometimes more complex the nature of its issues and the more complex the actions needed to address those issues. Consultants usually consider the size in terms of the number of divisions, products and services, and personnel because those features are most often associated with specific organizational issues

4. Source of the top-level leadership

For example, if the source of leadership in an organization is the Board of Directors then you will need to carefully consider the role of the Board in your project. Although theory and law assert that Boards are to govern corporations, experienced consultants have learned that, in many cases, the executives often facilitate the Board members to do their jobs. In executive-driven businesses, you will need to carefully consider the role of the Chief Executive Officer and other executives in your project.

5. Style of the leadership used by your current client

You learned in PART I that you might have different clients at different times in the same Project.

6. Structure and strategies of the organization

In this context, strategies refer to the overall approaches used by the organization to effectively meet the needs of its external environment, especially the needs of its customers and stakeholders.

2.4: CHOOSE STRATEGIES IN ORDER TO GAIN MARKET SHARE

DEFINING MARKET SHARE

2.4.1

- **MARKET SHARE i**s A percentage of total sales volume in a market captured by a brand, product, or company.

The formula for *market share* is:

Market Share = (Particular Company's Sales Revenue in Time Period X) / (Relevant Market's Total Sales Revenue in Time Period X)

Let's assume Company XYZ sells $50 million a year in widgets. If the total amount of widgets sold from all companies within the market totals $100 million, then Company XYZ has a market share equal to 50%.

Market Share = ($50 million) / ($100 million)

- **MARKET SHARE** is the portion of a market controlled by a particular company or product.

2.4.2 <u>DEFINING MARKETING STRATEGIES</u>

a) Product/service strategy
b) Pricing strategy
c) Promotion strategy
d) Place (distribution channels) strategy

Definition<u>: Marketing mix</u> is a set of controllable variables/ tools the entrepreneur uses to influence the target market in relation to marketing objectives.

(i) Product strategy

The term" product" refers to tangible, physical products as well as services. Here are some are some examples of product decisions that can be made.

- Packaging
- Functionality
- Repairs and supports
- Warranty
- Quality

(ii) Price strategy

Some examples of pricing decisions to be made include:

- Suggested retail price
- Volume discounts and wholesale pricing
- Cash and early payment discount
- Price flexibility

(iii) Place/ Distribution strategy

Distribution decision is about getting the products to the customer. Some examples of distribution decision include:

- Distribution channels
- Inventory management
- Warehousing
- Distribution centres
- Transportation

(iv) Promotion strategy

Promotion represents the various aspects of marketing communication, i.e. the information about the product with the goal of generating a positive customer response.

Promotion communication decisions include:

- Promotional strategy (push, pull, etc.)
- Advertising
- Sales promotions

DEVELOPING MARKETING PLAN

Marketing strategy

An organization's strategy that combines all of its marketing goals into one comprehensive plan. A good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. The marketing strategy is the foundation of a marketing plan.

Marketing action plan

An **action plan** is a document that lists what steps must be taken in order to achieve a specific goal. The purpose of an **action plan** is to clarify what resources are required to reach the goal, formulate a timeline for when specific tasks need to be completed and determine what resources are required.

A **marketing plan** outlines the specific actions you intend to carry out to interest potential customers and clients in your product and/or service and persuade them to buy the product and/or services you offer.

The marketing plan implements your marketing strategy. Or, "the marketing strategy provides the goals for your marketing plans. It tells you where you want to go from here. The plan is the specific roadmap that's going to get you there.

IMPLEMENTATION OF MARKETING ACTION PLAN

How to Implement Your Marketing Plan

1. Set the right expectations.

It's important to remember that marketing is not a quick fix. If you want your marketing efforts to be successful, it's important to remember that this is a marathon, not a sprint.

2. Build the team and secure resources.

Who will be on your marketing implementation team? It's important to think through who you will need to help with this effort. Sometimes, that will include employees at your company – such as members of your marketing department, sales team or customer service department.

3. Communicate the plan.

Once you have built your marketing team, be sure to communicate the marketing strategy to this group and help them understand the goals. Make sure each member of your marketing team understands the role they plan in the implementation effort and how they will contribute to your success.

4. Build out timeline and tasks.

If your marketing strategy didn't include a detailed project timeline, now is the time to build one. It makes sense to take each project and break it up into smaller tasks and deadlines to make the effort manageable for your team.

5. Set up a dashboard for tracking success.

You can't manage what you don't measure. That's why it's important to set up the proper tracking tools to measure your efforts.

6. Monitor and check-in regularly.

At the very least, you should do a monthly check-in of your results so you can see what is working and what isn't. For larger efforts, it makes sense to do this on a weekly basis.

As part of your regular monitoring effort, you should also meet with your team regularly to go over the progress. This helps everyone understand how things are going and what needs to be done to reach your goals.

7. Be willing to adapt.

One of the biggest reasons for regular measurement and monitoring is so you can easily see what's working with your marketing and what's not. Although a marketing plan is a good roadmap to follow, you have to be willing to deviate from it if it doesn't work.

8. Communicate results and celebrate success!

Letting your team know that your marketing efforts are working can create a huge boost for morale and help stimulate massive momentum for your company.

Monitoring & evaluation marketing plan

A good campaign comes from your marketing plan, Some points to consider include:

- **Goal tracking.** Your campaign should have a clear goal — what are you trying to achieve? What would be considered successful?
- **Email marketing and e-commerce.** E-marketing is another type of marketing that's very easy to track. Your email marketing campaigns will automatically generate detailed reports with information about open and click-through rates.
  - **Digital advertising.** Social media advertising on Facebook can be extremely targeted as well, based on demographics such as gender, age, and income level, as well as interests. All forms of digital advertising will come with detailed tracking reports, making evaluation easy.
- **Take good notes.** As your campaign progresses, take notes about exactly what you did and what you notice as the campaign unfolds. Taking notes about what did or didn't work will help you build a stronger campaign next time.

3.1: LIST PRODUCTS IN LINE WITH MARKET DEMAND

1. DESCRIPTION OF MARKET DEMAND

Definition

Market demand is the total amount of goods and services that all consumers are willing and able to purchase at a specific price in a marketplace. In other words, it represents how much consumers can and will buy from suppliers at a given price level in a **market.**

2. IDENTIFICATION OF PRODUCTS IN LINE WITH MARKET DEMAND

1. **Tastes and Preferences of the Consumers:**

   An important factor which determines the demand for a good is the tastes and preferences of the consumers for it. A good for which consumers' tastes and preferences are greater, its demand would be large and its demand curve will therefore lie at a higher level. People's tastes and preferences for various goods often change and as a result there is change in demand for them.

2. **Income of the People:**

   The demand for goods also depends upon the incomes of the people. The greater the incomes of the people, the greater will be their demand for goods. The greater income means the greater purchasing power. Therefore, when incomes of the people increase, they can afford to buy more. It is because of this reason that increase in income has a positive effect on the demand for a good.

3. **Population size:**
   If population increases, quantity demanded increases and when population reduces, quantity demanded reduces.
4. **Changes in prices of related goods**
   The demand for also affected by the prices other goods, especially those which are related to its substitutes or complements.

3. CRITERIA USED IN LISTING PRODUCTS

Quality
Quantity Frequency
Providers (sources) of products

3.2: DETERMINE TYPES OF PRODUCTS IN LINE WITH MARKET DEMAND

Types of Products/ Product Classification

Products can be classified in different ways. Sometimes these are referred to as Product Categories by marketers.

I. The most common classification is based on the products durability and tangibility. Either consumers or businesses can buy these products.

1) **Non-Durable goods** – these tangible products are usually used or consumed in a short duration – single use or used for few occasions. Their life cycle is short and they wear out in a short period. The use duration can be from minutes to a couple of months. For example, ice-cream, vegetables, socks, etc. Common strategy followed by marketers for non-durable goods is easy availability, reasonable price with less profit margin, intense communication (advertising, etc.).

2) **Durable goods** – these tangible goods are not frequently purchased and have a good life cycle as compared to non-durable goods. These don't quickly wear out and are used over a period. For example, motor bikes, cars, computers, refrigerators, kitchen appliances. Common strategy followed by marketers is highlighting product characteristics via personal selling, demo, etc., priced adequately to ensure higher profit margin to cover costs, after sales service, and to gain customer loyalty.

3) **Services (Pure services)** – these are intangible offers for customer satisfaction, benefit, experience, and are perishable and does not result in ownership. For example, air travel, banking services, consultancy services, hotel services, repairs, etc. Common strategy followed by marketers are – aligning tangibility to intangible elements of services, focus on quality, matching the demand, and increase in productivity of service providers.

II. <u>The other common way of classifying the products is based on buying behavior of consumers.</u>

1) Consumer Goods – Understanding how consumers behave when buying certain products gives opportunity for marketers to formulate strategies to influence sales of their products. On this behaviour, consumer goods are classified as –
   - Convenience goods
   - Shopping goods
   - Speciality goods
   - Unsought goods

<u>Convenience</u> goods are bought by customers without investing much time and effort, like soaps, candy bars, grocery items, etc. Consumer goods can be subdivided into Staple goods, Impulse goods and emergency goods.

<u>Shopping goods</u> are products and services that are evaluated and compared with competing goods before they are bought. Television sets, air conditioners, motor bikes are examples of shopping goods. The consumer may do evaluation basis different product characteristics like features, price, etc. Homogenous shopping goods are seen as similar. For example, the consumer will consider buying a refrigerator from different brands as similar. Here the consumer may limit the comparison to price factor. Here marketers stress on design factor, easy financing, warranty, after sales service to overcome competition and influence the consumers. Heterogeneous shopping goods are considered to have major differences other than price. The consumers evaluate various features like quality, durability, etc. For example, consumers trying to buy cars, flats, jewellery, etc. will evaluate not only on price but also on other features.

<u>Speciality goods</u> are goods and services for which consumers make special efforts to buy them, like branded goods of special significance to the consumer. There is hardly any comparison done and such products are not intensely made available in markets. They are mostly sold highlighting quality and branding. For example, Omega watches, Adidas accessories, Ray-Ban glasses.

<u>Unsought goods</u> are goods that the consumers is not compelled to buy, for example, life insurance, lawyer's service, etc. These products require excessive marketing and sales people to influence people to buy them. These goods can be Regular unsought products that are existing in the market and New unsought products that have been introduced in the market like a new insurance policy linked to stocks, Doctors services introduced in the market.

<u>CHARACTERISTICS OF QUALITY PRODUCT</u>

Eight dimensions of product quality management can be used at a strategic level to analyze quality characteristics. Understanding the trade-offs desired by customers among these dimensions can help build a competitive advantage.

1. Performance refers to a product's primary operating characteristics. This dimension of quality involves measurable attributes; brands can usually be ranked objectively on individual aspects of performance.
2. **Features**: Features are additional characteristics that enhance the appeal of the product or service to the user.
3. **Reliability**: Reliability is the likelihood that a product will not fail within a specific time period. This is a key element for users who need the product to work without fail.
4. **Conformance**: Conformance is the precision with which the product or service meets the specified standards.
5. **Durability**: Durability measures the length of a product’s life. When the product can be repaired, estimating durability is more complicated. The item will be used until it is no longer economical to operate it. This happens when the repair rate and the associated costs increase significantly.
6. **Serviceability**: Serviceability is the speed with which the product can be put into service when it breaks down, as well as the competence and the behavior of the serviceperson.
7. **Aesthetics**: Aesthetics is the subjective dimension indicating the kind of response a user has to a product. It represents the individual’s personal preference.
8. **Perceived Quality**: Perceived Quality is the quality attributed to a good or service based on indirect measures.

3.3 SELECT PRODUCTS TO BE USED IN LINE WITH MARKET DEMAND

TYPES OF DEMANDS

Elastic demand:
Elastic demand is when price or other factors have a big effect on the quantity consumers want to buy. You'll see it most often when consumers respond to price changes. If the price goes down just a little, they'll buy a lot more. If prices rise just a bit, they'll stop buying as much and wait for them to return to normal. Price is one of the five determinants of demand.

Real demand: The **real demand** for money is defined as the nominal amount of money demanded divided by the price level. For a given money supply the locus of income-interest rate pairs at which money **demand** equals money supply is known as the LM curve.

Potential demand : is the entire size of the market for a product at a specific time. It represents the [upper limits of the market for a product. ... For example, rising and falling interest rates will affect the **demand** for products that are typically financed, like cars and houses.

Level of concentration of demand : Market concentration is used when smaller firms account for large percentage of the total market. It measures the extent of domination of sales by one or more firms in a particular market. The market concentration ratio is measured by the concentration ratio.
DEFINING MODE OF SELECTION

- Selection of products by item

- Selection of products by cluster
- Selection of products by aggregate/package
- Selection of products by searching
- Selection of products by partners

DEFINING MARKETING STRATEGIES

- Product/service strategy
- Pricing strategy
- Promotion strategy
- Place (distribution channels) strategy
  - DEVELOPING MARKETING PLAN
- Marketing strategy
- Marketing action plan
- Implementation of marketing action plan

L.U.**4. IDENTIFY OPPORTUNITY**

4.1: EXAMINE OPPORTUNITIES IN LINE WITH BUSINESS ENVIRONMENT

4.1.1 CLARIFYING WHAT IS AN OPPORTUNITY

- **Opportunity** is a chance for employment or promotion.

- **An opportunity is** Exploitable set of circumstances with uncertain outcome, requiring commitment of resources and involving exposure to risk.

A BUSINESS OPPORTUNITY IS defined as an identified situation or Chance that can be turned into a real and profitable business.

4.1.2 MAPPING BUSINESS OPPORTUNITIES

How does a Business Opportunities Map (BOM) look like?

The BOM has 5 areas that have to be researched:

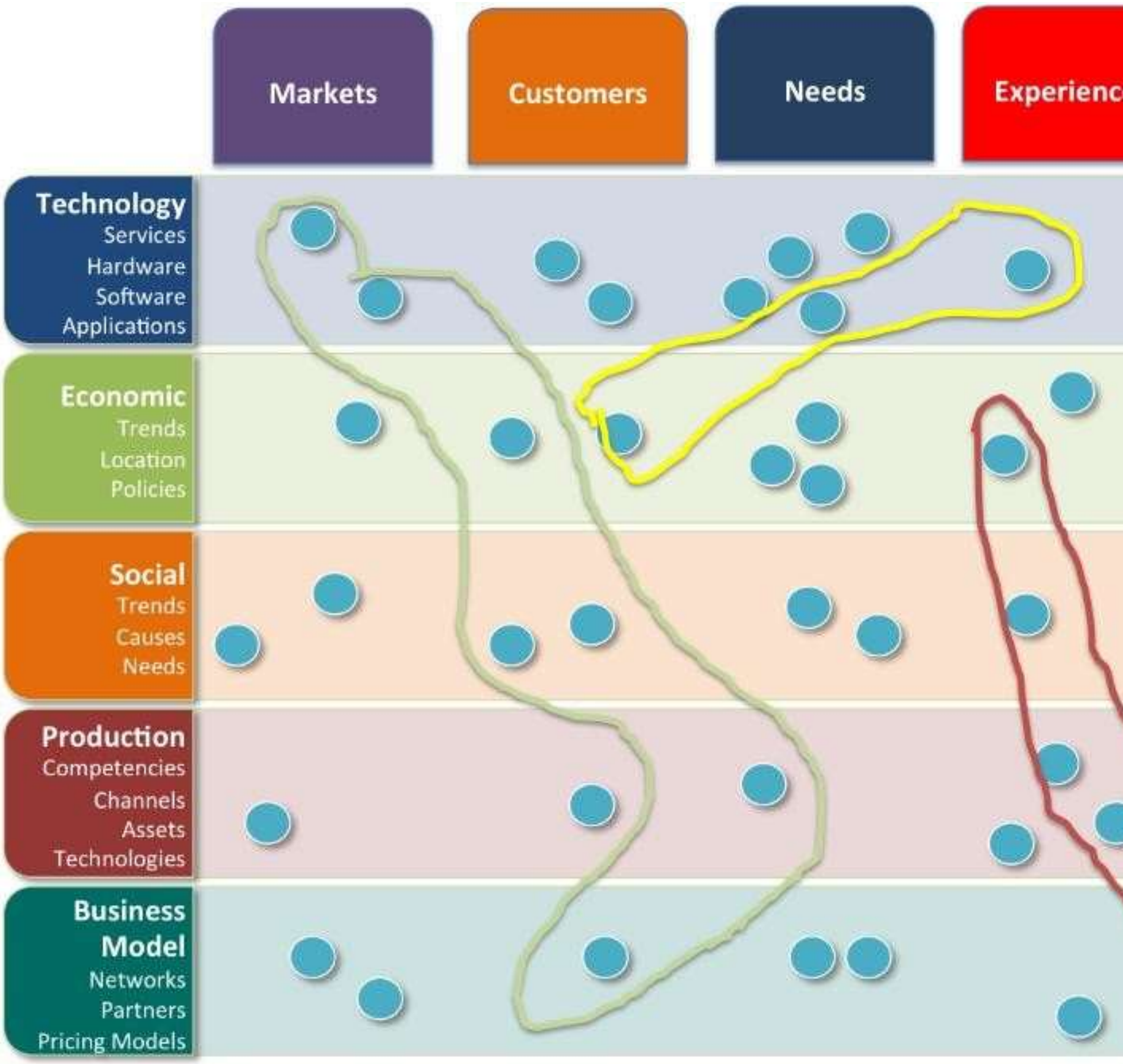
1. **Technology**: What are the new services requested through technology? Which software and hardware are now available in the market? Which application can be used or developed?
2. **Economic**: What are the last trends? Which countries and regions are growing? Which laws are changing?
3. **Social**: What are the last trends? Which causes people care about? What do they believe in? What social needs are unmet?
4. **Production**: What are the new competencies available in the ecosystem? What are the new technologies that can be used to produce a good or deliver a service? Which channels can be used?

5. **Business Models**: Which network can be used? Who are the strategic partners? How is the pricing model determined?

Every one of these areas can then be sub-classified by exploring their impact on different elements:

- First there is the **Market** where the company operate
- Second there are the **Customers** that the company want to serve
- Third there are the **Needs** that are unsatisfied in the ecosystem
- Fourth there are the **Experiences** that the different stakeholders may live

Finally there are the **Behaviors** that emerge or can come to life from all the other external changes.



4.2<u>SELECT COMPETITIVE ADVANTAGES ACCORDING TO AVAILABLE OPPORTUNITIES</u>

<u>A COMPETITIVE ADVANTAGE</u> is what makes an entity's goods or services superior to all of a customer's other choices. The term is commonly used for businesses. The strategies work for any organization, country, or individual in a competitive environment. To create a competitive advantage, you've got to be clear about these three determinants.

1. **Benefit**. What is the real benefit your product provides? It must be something that your customers *truly* need and that offers *real* value. You must know not only your product's features, but also its advantages how they benefit your customers. That means being constantly aware of new trends that affect your product, especially new technology. For example, newspapers were slow to respond to the availability of free news on the internet. They thought people were willing to pay for news delivered on a piece of paper once a day.

1. **Target market**. Who are your customers? What are their needs? You've got to know exactly who buys from you, and how you can make their life better. That's how you create demand, the driver of all economic growth. Newspapers' target market drifted to older people who weren't comfortable getting their news online.
2. **Competition**. Have you identified your real competitors? That's more than just similar companies or products. It includes anything else your customer could do to meet the need you can fulfill. Newspapers thought their competition was other newspapers until they realized it was the internet.

   To be successful, you need to be able to articulate the **benefit** you provide to your **target market** that's better than the **competition**. That's your competitive advantage.

You must reinforce that message in every communication to your customers.

He wrote it to help companies can create a sustainable competitive advantage. Just because a company is the market leader now, doesn't mean it will be forever. A company must create clear goals, strategies, and operations to build sustainable competitive advantage. The corporate culture and values of the employees must be in alignment with those goals. It's difficult to do all those things well.

Porter outlined the three primary ways companies achieve a sustainable advantage. They are cost leadership, differentiation, and focus. Porter identified these strategies by researching companies.

Cost leadership means companies provide reasonable value at a lower price. Firms do this by continuously improving operational efficiency. That usually means paying their workers less. Some compensate by offering intangible benefits such as stock options, benefits or promotional opportunities. Others take advantage of unskilled labor surpluses. As these businesses grow, they can use economies of scale and buy in bulk. Walmart and Costco are good examples of cost leadership. But sometimes they pay their workers less than the cost of living. Higher minimum wage laws threaten their advantage.

Differentiation means companies deliver better benefits than anyone else.

A firm can achieve differentiation by providing a unique or high-quality product. Another method is to deliver it faster. A third is to market in a way that reaches customers better. A company with a differentiation strategy can charge a premium price. That means it usually has a higher profit margin.

Companies typically achieve differentiation with innovation, quality, or customer service. Innovation means they meet the same needs in a new way. An excellent example of this is Apple. The iPod was innovative because it allowed users to play whatever music they wanted, in any order. Quality means the firm provides the best product or service. Tiffany's can charge more because patrons see it as the best. Customer service means going out of the way to delight shoppers. Nordstrom's was the first to allow returns with no questions asked.

Focus means the company's leaders understand and service their target market better than anyone else. Their either use cost leadership or differentiation to do that. The key to focusing is to choose one specific target market. Often it's a tiny niche that larger companies don't serve. For example, community banks use a focus strategy to gain sustainable competitive advantage. They target local small businesses or high net worth individuals. Their target audience enjoys the personal touch that big banks may not be able to give. Customers are willing to pay a little more in fees for this service. These banks are using a differentiation form of the focus strategy.

HOW INDIVIDUALS USE COMPETITIVE ADVANTAGE

If you are an employee, work as if you were in business for yourself. Your target market is your employer. Your benefit is how you increase the company's profit. Your competition is other employees and technology. Communicate your competitive advantage in your appearance, your resume, and your interview. Once you've got the job, continuing communicating your advantage in your work performance.

COMPARATIVE ADVANTAGES MEANING

- the ability of an individual or group to carry out a particular economic activity (such as making a specific product) more efficiently than another activity.
- Concept in economics that a country should specialize in producing and exporting only those goods and services which it can produce more efficiently (at lower opportunity cost) than other goods and services (which it should import). Comparative advantage results from different endowments of the factors of production (capital, land, labor) entrepreneurial skill, power resources, technology, etc.

4.3: EXPLOIT OPPORTUNITY IN LINE WITH MARKET DEMAND

PUTTING IN PLACE STRATEGIES TO EXPLOIT OPPORTUNITIES

*DEFINING REQUIREMENTS

1. **"A condition or capability needed by a stakeholder to solve a problem or achieve an objective**." In simpler words, a decision-making process to derive requirements from needs.
2. **"A condition or capability that must be met or possessed by a solution or solution component to satisfy a contract, standard, specification or other formally imposed documents**"It is a step where business requirements are drafted as solutions requirements to get started with developing the solution.
3. **"A documented representation of a condition or capability as in 1 or 2."** The documentation is itself a requirement as it helps all the stakeholders and consumers in understanding the requirements for the solution.

*DEFINING WAYS OF RESOURCES COMBINATION

Resource allocation is a process and strategy involving a company deciding where scarce resources should be used in the production of goods or services. A resource can be considered any factor of production, which is something used to produce goods or services. Resources include such things as labor, real estate, machinery, tools and equipment, technology, and natural resources, as well as financial resources, such as money.

* **DETERMINING PROCEDURES**
DESCRIBING ELEMENTS OF ACTION PLAN

A complete action plan will contain the following elements:

1. **Cover Page:** Include the name of the collaboration, list the partners, and specify the timeframe allotted for completion of the project.
2. **Acknowledgments:** List other stakeholders that have made contributions to the effort.
3. **Vision Statement:** Present the vision statement (developed by the partners and stakeholders) on the first page of the action plan. Printing the vision statement at the beginning of the action plan serves as a reminder to the team that the goals and strategies must lead to the shared vision.
4. **Goals:** Present clear goal statements with measurable outcomes
5. **Strategies:** Describe the steps you are going to take to accomplish the collaboration's goals. Strategies give overall direction and advance the team's goals and vision.

MONITORING AND EVALUATION OF PROGRESS

MONITORING

Monitoring is the systematic gathering and analysing of information that will help measure progress on an aspect of your project. Ongoing checks against progress over time may include monitoring water quality in a catchment or monetary expenditure against the project budget. Monitoring is not evaluation as such but is usually a critical part of your evaluation process and should therefore be included at your project planning stage.

WHY YOU WANT TO MONITOR?

Keeping records and monitoring activities helps people see progress and builds a sense of achievement. Records can be useful and even essential when promoting the group or applying for funding.

Monitoring also has significance for the wider field of conservation. Ecosystem monitoring is not a fully developed science, so any work undertaken by your group has the potential to contribute to the refinement of measures of ecosystem health.

EVALUATION

Evaluation provides an opportunity to reflect and learn from what you've done, assess the outcomes and effectiveness of a project and think about new ways of doing things. In other words, it informs your future actions.

Evaluation should ideally be factored into your initial project planning (see setting your direction). When you are setting your vision, goals and actions, you need to be considering how and when you'll check your progress against them. You may decide that you will:

- Refine your project as you go, so that evaluation is part of your regular project activities.
- Evaluate the project at agreed milestones e.g. on a yearly basis or after major activities.
- Carry out an initial baseline exercise against which you compare progress at the end of the project.