UNIT 3

Pharmaceutical marketing

Pharmaceutical marketing, sometimes called medico-marketing or pharma marketing in some countries is the business of advertising or otherwise promoting the sale of pharmaceuticals or drugs.

Many countries have measures in place to limit advertising by pharmaceutical companies.

Pharmaceutical company spending on marketing far exceeds that of its research budget. In Canada, $1.7 billion was spent in 2004 to market drugs to physicians; in the United States, $21 billion was spent in 2002. In 2005, money spent on pharmaceutical marketing in the United States was estimated at $29.9 billion with one estimate as high as $57 billion. When the U.S. numbers are broken down, 56% was free samples, 25% was pharmaceutical sales representative "detailing" (promoting drugs directly to) physicians, 12.5% was direct to user advertising, 4% on detailing to hospitals, and 2% on journal ads. There is some evidence that marketing practices can negatively affect both patients and the health care profession.

Functions of Marketing

The ultimate aim of marketing is exchange of goods and services from producers to consumers in a way that maximizes the satisfaction of customer's needs. Marketing functions start from identifying the consumer needs and end with satisfying the consumer needs. The universal functions of marketing involve buying, selling, transporting, storing, standardizing and grading, financing, risk taking and securing marketing information. However, modern marketing has some other functions such as gathering the market info and analyzing that info. Market planning and strategy formation. To assist in product designing and development also comes under the marketing functions. The marketing functions have been discussed here briefly:

1. Market Information: To identify the needs, wants and demands of the consumers and then analyzing the identified information to arrive at various decisions for the successful marketing of a firm's products and services is one of the most important functions of marketing. The analysis involves judging the internal weaknesses and strengths of the organization as well politico-legal, social and demographic data of the target market. This information is further used in market segmentations.

2. Market Planning: Market-planning aims at achieving a firm's marketing objectives. These objectives may involve increasing market presence, dominate the market or increase market share. The market planning function covers aspects of production levels, promotions and other action programmes.

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3. Exchange Functions: The buying and selling are the exchange functions of marketing. They ensure that a firm's offerings are available in sufficient quantities to meet customer demands. The exchange functions are supported by advertising, personal selling and sales promotions.

4. Product Designing and development: The product design helps in making the prodyct attractive to the target market. In today's competitive market environment not only cost matters but also the product design, suitability, shape, style etc. matter a lot in taking production decisions.

5. Physical Distribution: The physical distribution functions of marketing involve transporting and storing. The transporting function involve moving products from their points of production to locations convenient for purchasers and storing function involve the warehousing products until needed for sale.

6. Standardization and Grading: Standardization involves producing goods at predetermined specifications. Standardization ensures that product offerings meet established quality and quantity. It helps in achieving uniformity and consistency in the output product. Grading is classification of goods in various groups based upon certain predetermined characteristics. It involves the control standards of size, weight etc. Grading helps in pricing decisions also. The higher quality goods and services attract higher prices.

7. Financing : The financing functions of marketing involve providing credit for channel members or consumers.

8. Risk Taking: Risk taking is one of the important marketing functions. Risk taking in marketing refers to uncertainty about consumer purchases resulting from creation and marketing of goods and services that consumers may purchase in future.

9. Packaging, labeling and branding: packaging involves designing package for the products, labeling means putting information required / specified on a product's covering. Packaging and labeling serve as promotional tools now a days, Branding distinguishes the generic commodity name to a brand name. For example, Wheat Flour is a generic name of a commodity while "Ashirvad Aata" is a brand name. In service industry, also branding matters a lot.

10. Customer Support: Customer support is a very important function of marketing. It involves pre sales counseling, after sales service, handling the customer complaints and adjustments, credit services, maintenance services, technical services and consumer information. For example, water purifier comes with an onsite service warranty of 7 years helps in marketing and is an important marketing function as well.

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Selling:

It is core of marketing. It is concerned with the prospective buyers to actually complete the purchase of an article. It involves transfer of ownership of goods to the buyer. Selling plays an important part in realising the ultimate aim of earring profit. Selling is enhanced by means of personal selling, advertising, publicity and sales promotion. Effectiveness and efficiency in selling determines the volume of company's profits and profitability.

Buying and Assembling:

It involves what to buy, of what quality, how much from whom, when and at what price. People in business buy to increase sales or to decrease costs. Purchasing agents are much influenced by quality, service and price.

The products that the retailers buy for resale are determined by the needs and preferences of their customers. A manufacturer buys raw materials, spare parts, machinery, equipment's, etc. for carrying out his production process and other related activities. A wholesaler buys products to resell them to the retailers.

Assembling means to purchase necessary component parts and to fit them together to make a product. 'Assembly line' indicates a production line made up of purely assembly operations. The assembly operation involves the arrival of individual component parts at the work place and issuing of these parts to be fastened together in the form of an assembly or sub-assembly.

Assembly line is an arrangement of workers and machines in which each person has a particular job and the work is passed directly from one worker to the next until the product is complete. On the other hand, 'fabrication lines' implies a production line made up of operations that form or change the physical or sometimes chemical characteristics of the product involved.

Transportation:

Transportation is the physical means by which goods are moved from the places where they are produced to those places where they are needed for consumption. It creates place, utility. Transportation is essential from the procurement of raw material to the delivery of finished products to the customer's places. Marketing relies mainly on railroads, trucks, waterways, pipelines and air transport.

The type of transportation is chosen on several considerations, such as suitability, speed and cost. Transportation may be performed either by the buyer or by the seller. The nature and kind of the transportation facilities determine the extent of the marketing area, the regularity in supply, uniform price maintenance and easy access to the supplier or seller.

Storage:

It involves holding of goods in proper (i.e., usable or saleable) condition from the time they are produced until they are needed by customers (in case of finished products) or by the production department (in case of raw materials and stores); storing protects the goods from deterioration and helps in carrying over surplus for future consumption or use in production.

Goods may be stored in various warehouses situated at different places, which is popularly known as warehousing. Warehouses should be situated at such places from where the distribution of goods may be easier and cheaper. Situation of warehouses is also important from the view of prompt feeding of emergency demands. Storing assumes importance when production is regional or consumption may be regional. Retail firms are called "stores".

Financing:

It involves the use of capital to meet financial requirements of agencies dealing with various activities of marketing. The services to provide the credit and money needed, the costs of getting merchandise into the hands of the final user is commonly referred to as finance function in marketing.

In marketing, finances are needed for working capital and fixed capital which may be secured from three sources—owned capital, bank loans and advance and trade credit. (Provided by manufacturers to wholesaler and by the wholesaler to the retailers.) In other words; various kinds of finances are short-term finance, medium-term finance, and long-term finance.

Risk means loss due to some unforeseen circumstances in future. Risk bearing in marketing refers to the financial risk interest in the ownership of goods held for an anticipated demand including the possible losses due to a fall in prices and the losses from spoilage, depreciation, obsolescence, fire and floods or any other loss that may occur with the passage of time.

From production of goods to its selling stage, many risks are involved due to changes in market conditions, natural causes and human factors. Changes in fashion or inventions also cause risks. Legislative measures of government may also cause risks. Risks may arise during the course of transportation.

They may also be due to decay, deterioration and accidents, or due to fluctuation in the prices caused by changes in their supply and demand. The various risks are usually termed as place risk, time risk and physical risk, etc.

FEEDBACK INFORMATION

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Many times businesses owners are afraid of asking their customers, what their opinions are. They are generally afraid of the information that they will get back. However, the reality is that you should always be seeking feedback, from your customers. Whether you get negative or positive feedback, you can use the information to improve your marketing efforts. If your business is going to truly be successful, then you will need to structure everything that it does, to meet the needs of your customers. Getting feedback from your customers can help you to do just that. Here is what you need to know about how to use customer feedback to improve your marketing-

- Know what customer feedback can do for you-One of the major issues that you can discover when you get customer feedback, is how you are doing compared to your competitors. You always want to know what you need to be doing to give you the competitive edge, over your competition. In addition, customer feedback gives you an insight into problems that could be developing, which then allows you to fix them before they become big problems. Keep in mind that with this information you can literally save a significant amount of money in production, inventory and marketing.
- Follow up with customers who have just made a purchase-The people whose feedback you really want the most are the ones who have just purchased from you. Immediately after a customer makes a purchase (whether online or in your store), give them a quick survey card. This will give you immediate feedback about all aspects of their purchase. However, you should make sure that the feedback is quick to fill out. Most customers will not want to spend more then a minute or two filling it out. You can offer an incentive (a free product or cash), for getting customer feedback.
- Follow up in person-Do not overlook the opportunity to follow up in person with your customers. Train your employees to ask about your customers shopping experience and if there was anything that could have gone better. While this type of feedback is more informal, it can also give you important information on how you improve your marketing program.
- Have a thick skin-While many business owners fear getting negative feedback; others realize that negative feedback offers them a chance to improve. Keep in mind that while your customers, may criticize things about your company, this gives you the opportunity to change things, before they silently leave and go to your competitor. Many businesses are losing customers simply because they don’t know they have problems that could be corrected. This is especially important when it comes to your marketing, since it will in large part; determine the long term success of your business.
- Hire out your customer feedback, if you need to-Because it is so important to get customer feedback, you may want to consider hiring a firm to get it for you. There are several firms that can conduct formal surveys and even focus groups, with your customers, to get their insight into your marketing message, product and services. This can be a valuable way to gain the detailed information that you need. While this can be expensive, keep in mind that this will provide you with extremely detailed customer feedback.
- Act on it-Nothing is more frustrating then to see a company get customer feedback, only to file it away. Simply getting the information is not enough. You need to make sure that you take the customer feedback you get, and use it to improve your marketing message. This is the best way to insure the long term success of your business.

Importance of Customer Feedback

Good marketing is based on knowing what your customer is looking for and responding to their needs. The best way to do this is by getting feedback, from your customers. If you are unaware of your customer's needs and wants, it is unlikely that you can respond in a way that win, your customer's loyalty, for the long term. In addition, it becomes almost impossible to create an effective marketing plan, if you don't have customer feedback. The bottom line is that getting customer feedback and using it effectively can make your company, stronger and more profitable. However, many business owners are unsure of the best methods, for gathering customer feedback. Here is what you need to know about how to get customer feedback and why it is important-

- **Use a survey-**This is one of the easiest and most cost effective ways to gather customer feedback. When you give out a survey, you are allowing your customers to express how they really feel, about your company, and its products and services. If you are using a survey, you should also make sure to include a section, where your customers, can write in what they feel, rather then just having them answer questions. In addition, it can be helpful to use surveys on a consistent basis, rather then just occasionally. When you send out surveys consistently, you are more likely to get an accurate picture of how your company is being perceived over time and whether or not any changes that you instigated are changing your customer's perception of your company. Today, there are many companies that are using online surveys. When you use this method, you can set up a computer program that captures the data and organizes it for you. This can be done a lot faster, then someone having to input all of the collected customer feedback, by hand. A major benefit to using online surveys is that they are highly cost effective, if you do it through your own website. You may want to offer a reward of some kind, to encourage participation, by your customers. Finally, you should remember that there is time element that is attached to useful data. Try and get your customers to fill out the survey, as soon as possible after purchase.
- **Look for ways to improve customer satisfaction-**Once you gather the feedback, you want to use it in ways that will make your customers happier. In addition, if you are always gathering feedback and then trying to respond to it, your customers will appreciate your efforts to satisfy them. You want to make sure that no matter how you gather customer feedback, whether through an in-store comment card, or an online survey, that you are looking for ways to make your customers more satisfied with your company, products and services. You can also rate or graph the feedback that you get, to help you see where you can improve in making your customers happier. Finally, make sure that you are looking at customer feedback, in relation to any changes that you have made. You want to be sure that your customers are happy with any changes that are going on.
- **Discover customer preferences-**Customer feedback is another way to gather the preferences of your clients. You want to know if they like your hours of operation, service level, return policy etc. This is the best to discover what they are looking for. You can even use customer feedback to determine if there are changes that should be made to the products or services that you sell. Color, style, size etc. all play a definitive role in your customers preferences, so you want to make sure that you offering, what they want to buy.

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CHANNELS OF DISTRIBUTION

A **marketing channel** is a set of practices or activities necessary to transfer the ownership of goods from the point of production to the point of consumption. It is the way products and services get to the end-user, the consumer; and is also known as a distribution channel. A marketing channel is a useful tool for management, and is crucial to creating an effective and well-planned marketing strategy.

Another less known form of the marketing channel is the **Dual Distribution** channel. This channel is a less traditional form that allows the manufacturer or wholesaler to reach the end-user by using more than one distribution channel. The producer can simultaneously reach the consumer through a direct market, such as a website, or sell to another company or retailer that will reach the consumer through another channel, i.e., a store. An example of this type of channel would be franchising.

Roles of marketing channel in marketing strategies

- Links producers to buyers.
- Influences the firm's pricing strategy.
- Affecting product strategy through branding, policies, willingness to stock.
- Customizes profits, install, maintain, offer credit, etc.

Types of Marketing Channels

There are four main types of marketing channels.

Producer --> Customer

The producer sells the goods or provides the service directly to the consumer with no involvement with a middle man such as an intermediary, a wholesaler, a retailer, an agent, or a reseller. The consumer goes directly to the producer to buy the product without going through any other channel. This type of marketing is most beneficial to farmers who can set the prices of their products without having to go through the Canadian Federation of Agriculture. Typically, goods are that consumed by a smaller segment of the market has influence over producers and, therefore, goods that are produced in the response on the order of a few consumers are taken into account. Normally goods and services of this channel are not utilized by large market segments. Also, the price of the goods is subject to significant fluctuations. For example, high demand dictates an increase in the price. In addition, this particular channel has three main ways of direct selling and these include; peddling, mail-order sales and trade through manufacturer-owned stores. Peddling is an outdated version of trade between two parties and consignments are often sold in small amounts by sellers who are traveling to different places. For example, sales representative sells New Wave cosmetics to housewives by using a method of peddling. Mail-order sales are usually used to sell catalogs, books etc., except industrial and bulky goods. For example, a firm sells collectible through the use of mail-order. Also, this method of selling is normally made without eye contact. The last method undergoes through manufacture-owned stores. In this situation, the manufacturer itself is surrounded by the stores and directly supplies goods to its stores. For example, Zinger sells its sewing machines through its own stores. Due to distance of goods and products between producer and a seller, it takes an advantage to be an effective channel of distribution in its kind and these advantages are; producers pay close attention with customers and are aware of theirs' thought's and ideas that are shared with them, there are no intermediaries that could substantially reduce the profit of a company which would then result in significant loss and delivery time is shortened due to having no obstacles like middleman etc. Despite these apparent advantages, direct selling has not become a powerful channel. According to an estimate, even less than 3 percent of total consumers' sales are made in this channel. On the other hand, technological innovations, the aid of the internet and convenient smartphones are now changing the way that commerce works significantly. The internet direct channels have proliferated that means internet companies will trade and produce such services and goods. It can be distributed directly through the internet, for example, services in the sphere of gambling or software such as antivirus programs as such.

Producer --> Retailer --> Consumer

Retailers, like Walmart and Target, buy the product from the manufacturer and sell them directly to the consumer. This channel works best for manufacturers that produce shopping goods like, clothes, shoes, furniture, tableware, and toys. Since consumers need more time with these items before they decide to purchase them, it is in the best interest of the manufacturer to sell them to another user before it gets into the hand of the consumers. It is also a good strategy to use another dealer to get the product to the end-user if the producer needs to get to the market more quickly by using an established network that already has brand loyalty.In accordance with the form of the retail property, operators can be an independent company, owned by a different owner or to engage in the retail network. Intermediaries (retail service) are essential and useful due to its professionalism, an ability to offer products to the target market, using their connections in the industry, experience, the advantages of specialization and the high quality of work. The fact suggests that manufactories produce large goods and products but limited in its assortment and merchandise. However, consumers seek broader assortment in lesser quantities. Therefore, it is highly important to distribute goods from different manufacturers to suit consumers needs and wants. When creating a retail store the efforts that required by buyers when making a purchase are considered. For example, stores that selling everyday consumer goods are conveniently located for residents of the nearby neighborhood. The speed and convenience of service for clients' interests are put in high priority and suits their schedule. An equally important component of the retail trade are the retail functions that play crucial roles and they include; research of products, implementation of storage, setting of pricing policy, arrangements of products and its selection for the creation of different merchandise assortments, exploration of the condition prevailing in the market. This channel is considered to be beneficial if; the volume of pre-sale and post-sale is insignificant, the amount of segments of the market is not enormous, the assortment of goods and products is broad. Ultimately, the significance of intermediaries in distribution business is vital as they help consumers obtain a particular good of a particular brand without unnecessary steps. Thus, mediators play an important role in establishing a correspondence between demand and supply.

Producer --> Wholesaler/Distributor --> Customer

Wholesalers, like Costco, buy the products from the manufacturer and sell them to the consumer. In this channel, consumers can buy products directly from the wholesaler in bulk. By buying the items in bulk from the wholesaler the prices of the product are reduced. This is because the wholesaler takes away extra costs, such as service costs or sales force costs, that customers usually pay when buying from retail; making the price much cheaper for the consumer. However, the wholesaler does not always sell directly to the consumer. Sometimes the wholesaler will go through a retailer before the product gets into the hands of the consumer. Each dealer (the manufacturer, the wholesaler, and the retailer) will be looking to make a decent profit margin from the product. So each time the buyer purchases the merchandise from another source, the price of the product has to increase, in order to maximize the profit each person will receive. This raises the price of the product for the end-user. Due to the simultaneous and joint work of wholesaler and retailer, a trade can only be beneficial if; a market is situated on a larger area, the supply of goods and products is carried out small but urgent consignments (products), it can be cost-effective and profitable by supplying bigger consignments (products) to fewer customers. Industrial factories are in the seek of using advantages of mass production in order to produce and sell big lots (batches) while retailers look and prefer purchasing smaller consignments. This method for factories could lead to instant sales, high efficiency, and cost-effectiveness. Therefore, particularly in these situations wholesaler now plays a role where it reconciles these contradictory aspirations. The wholesaler purchases big lots then divides minimizes after resells them to further retailers. The work of wholesaler facilitates and makes it less burdensome for the transportation of production. Hence, an amount of delivered goods diminishes through the use of this channel (the wholesale). For example, if five manufactories supply goods directly to hundred different retail stores, then they will have to have 500 of deliveries (5 times 100). However, if those five manufactories supply the same wholesaler, and the wholesaler at this stage supplies 100 different retailers, then the total number of deliveries will decrease to 105 (5 plus 100). Another important component to consider in the practice of wholesaling is storage. Storage of goods is one of the characterized aspects of the work of a wholesaler. Wholesaler regulates the deliveries of goods, having synchronized the production and consumption of material goods. Moreover, he as the wholesaler further assumes the financial obligations related to the immobilization of funds invested in the creation of commodity stocks. Although, the chain of transition suggests that the wholesaler directly communicates and deals with a manufacturer may not be unambiguous. The contribution of a distributor is highly acknowledged and plays a crucial role in distributing flows of goods before it gets in the hands of wholesalers, retailers and so on. A distributor is the representative of the manufacturer and performs functions on behalf of the manufacturer for the distribution of goods from producer to wholesaler or retailer. A distributor is always in the seek out for orders from different clients and possesses activeness in promoting producer's products and services. The main tasks of a distributor are; study the market and the creation of databases of consumers, advertising of goods, an organization of a service for the delivery of goods, stocking up the inventory levels, the creation of a stable sales network, which includes dealers and other intermediaries, depending on the market situation. Distributors scarcely sell a manufactories' goods directly to customers.

Producer --> Agent/Broker --> Wholesaler or Retailer --> Customer

This distribution channel involves more than one intermediary before the product gets into the hands of the consumer. This middleman, known as the agent, assists with the negotiation between the manufacturer and the seller. Agents come into play when the producers need to get their product into the market as quickly as possible. This happens mostly when the item is perishable and has to get to the market fresh before it starts to rot. At times, the agent will directly go to the retailer with the goods, or take an alternate route through the wholesaler who will go to a retailer and then finally to the consumer. A mutual cooperation normally occurs when parties, in particular, the last channel of marketing chain of distribution meet. Due to the fact that producers, agents, retailers/wholesalers and consumers of this channel aid each other and benefit from each other. Their cooperation generates a greater output in terms of further profitability, by discernment and exploring newer markets of sales and building a better business relationship. The participants of distribution channels must have knowledge and experience not only for the effective maintenance of target segments but also to maintain the competitive advantage of the manufacturer. For example, an Agent who is able to vary prices for certain products can negotiate and or lower prices. This will assist him in sustain the comparative advantage, stay on top of its competitors and stay demanded on the market. A Broker works mainly to bring the seller and the buyer and to assist in the negotiation process. An intermediary like Broker is usually dependent on the commission of a sold product or production in terms of goods. In addition, therefore, a Broker is involved in one-off transactions and can not be an effective channel of distribution. However, he can maintain a competitive advantage over other firms in the form of a particular brand if he has obtained the right to exclusive representation of the manufacturer and can profit from it more. He acts on behalf of the seller (Producer/Manufacture) and has no rights to modify prices for products. In addition, having formed a channel of distribution it is important to remember that the exploitation and utilization of intermediaries in a business (not only wholesalers, retailers but also transport logistics) will lengthen the chain of distribution. A business will then need to consider which channel is more cost effective and productive in terms of time delivery, efficiency, pricing policy and where it stands among competitors; for example, overall feedback, higher rating, higher demand from customers etc. The best use and help of intermediaries can be applied to start-up businesses and perhaps an established business

Wholesalers

Wholesaler may be defined as the middlemen who operates between the producers (from whom they purchase goods) and the retailers (to whom they sell goods). Wholesaler refers to any individual or business firm selling goods in relatively large quantities to buyers(retailers) other than the ultimate consumers. Thus the manufacturers who sell their products directly to retailers may also be regarded as wholesalers. The specialised knowledge and skill of wholesalers increases the efficiency of the distribution network. The wholesalers provide important services and solve the problems of both the manufacturers and the retailers.

Services provided by the wholesalers to the manufacturers:-

- They place orders for the product in advance on the basis of expectations regarding the demand for the product. This enables the manufacturer to plan his production and secure the economies of scale.
- They may also provide transportation facility by carrying goods from producers to godowns and then to retailers.
- They perform advertising and sales promotion activities and also employ expert sales representatives for the purpose.
- They provide financial accommodation to manufacturers in the form of cash payments for goods purchased from them as well as provide credit to them.
- They keep the manufacturers updated on the changes in customers' habits, tastes, preferences and fashion.
- They also play an important role in fixation of the final prices of the goods.

Services provided by the wholesalers to the retailers:-

- They act as the retailers 'buying agent' and saves them from the trouble of searching out and assembling goods from several manufacturers.
- They inform the retailers about the new products, its uses and changes in their prices. They also assist the retailers in advertising and selling of the products.
- They provide financial assistance to retailers, sell goods on credit to retailers and thus help them to operate with small working capital.
- A wholesaler being the ware-house keeper of the market, they protect the retailers from the risk of loss arising from holding large stocks of the product.
- They may also sort out different grades of products according to quality and pack the goods into small lots for the retailers.

Retailers

Retailing refers to all the transactions which involve sale of goods or services to the ultimate consumers. A retailer is a middleman who procures goods from the wholesalers and sell it to the final consumers. They form a vital link in the channel of distribution of products because without him, neither the products would sell to distant places nor would it be possible for consumers to buy goods of their choice in shops located nearby. They have a much stronger personal relationship with the consumers and deal directly with the people of varied tastes and temperaments. They form the last link in the chain of distribution and give the final selling price to the product. The retailers provide important services and solve the problems of the manufacturers and wholesalers on one hand and the consumers on the other hand.

Services provided by the retailers to the wholesalers and manufacturers:-

- They provide selling outlets to wholesalers and manufacturers.
- They save the manufacturers from the inconvenience and expenses of selling the goods in small lots to a large number of consumers.

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- They communicate the needs and desires of consumers to the manufacturers.
- They may also arrange for transportation of goods from the wholesalers' godowns to the ultimate consumers.
- They may also perform storage function by keeping stocks of goods.

Services provided by the retailers to the consumers:-

- They anticipate the needs of consumers and accordingly assemble goods of different varieties. Thus they satisfy their demands and provide them a wide choice of goods.
- They sort out goods supplied by the wholesalers and keep them in convenient packages for the benefit of the consumers.
- They even act as an advisor and guide to the consumers by bringing new products to their notice and educating them about its diverse uses.
- They keep the consumers informed about the changing trends in the market about the different varieties of products.
- They also provide other services to the consumers such as free home delivery, aftersale services, credit facility,etc.

Retailers are of different types depending upon their scale of operation and location. They are broadly classified into two categories:-

- **Small-scale retailers:-** are those retailers whose scale of operation is restricted to a small segment of the market and to a narrow range of products. They generally hold small stocks of the products of regular use. Such retailers are very large in number but account for a small portion of the total retail business. But,small-scale retailing is a very common, simple and flexible way of distributing the products to the final consumers. It incurs low operating costs and is usually owned and operated by a proprietor. The most important feature is that the small-scale retailers have a direct and personal contact with their customers. This form of retailing faces the problems of small capital,lack of professionalism and low purchasing power.

  The two prevalent forms of small scale retailing in India are :-

  - **Itinerants or Mobile traders:-** are those retailers who carry on their business by moving from place to place for selling the products and have no fixed business premises. They change their place of business according to their convenience and sales prospects. They serve either at the consumer's doorsteps or on busy places frequently visited by the customers. They do not have any particular line of business and carry very little stock of those goods. They save time and efforts of customers in buying articles of ordinary use. The hawkers and pedlars; cheap jacks; market traders and street sellers fall under this category.
  - **Fixed Shop Retailers:-** are those retailers which have fixed business premises and operate through unit stores or small shops located in residential areas or markets. They mainly include:- (i) street stalls:- are the small shops on the roadside, street-crossing, bus stops, etc. They sell a limited variety of products of

regular use like stationery, grocery, etc; (ii) dealers of second hand goods:- are engaged in purchase and sale of used goods like books, clothes, etc; (iii) general stores or variety stores:- are the shops which deal in all types of general consumer goods of regular use like bread, butter, paper and pencils, etc. They are set up in residential areas or busy markets. They provide services like goods on credit and home delivery to their customers; (iv) speciality shops:- are the shops which deal in only one or two special types of goods. They are generally located in shopping centres. For example, chemist shops, grocery shops, readymade garments shop, sweets shop, etc.

- **Large-scale Retailers :-** are those retailers whose scale of operation extends to a large segment of the market and to a wide range of products. They have a fixed line of business in which they have invested huge capital. Such retailers are not very large in number. This form of retailing involves high operating costs and lacks personal contact with the customers. But it involves more of professionalism in selling the products through the use of various promotional techniques like advertising, publicity, sales promotion,etc. The various forms of large scale retailers are:-

    - **Departmental stores:-** are large scale retail establishments comprising of a number of departments in the same building. All its departments are centrally controlled but each forms a complete sales unit in itself and specialises in a particular line of product. They offer a wide choice of products to the customers under one roof. They also provide many amenities for customer's convenience such as restaurants, car parking, recreation rooms, post and telegraph offices and so on. Such stores are generally located in central places of big cities so that they can be easily accessible to the customers.
    - **Supermarkets:-** are large scale retail shops operating at lower costs. They sell a wide variety of consumer goods of regular use such as food items, groceries,etc at one place. They sell goods at lower prices than the departmental stores. Customers select the goods themselves without salesman's assistance. It is also called self-service stores. But,they do not provide additional facilities to their customers.
    - **Multiple Shops or chain stores:-** are a group of retail stores of the same type under one common ownership and centralised management but are located at various locations. All of them deal in similar range of products and sell the same standardised products at the same terms and conditions. The goods dealt are generally meant for everyday use and are readily acceptable to all kinds of customers. They offer goods at lower prices as they enjoy economies of bulk buying.

INTRODUCTION TO E-COMMERCE

Electronic commerce (E-Commerce or EC) is an emerging concept that describes the process of buying and selling or exchanging of products, services, and information via computer networks including the Internet. It is the use of the Internet and the Web to transact business. Doing business online, typically via the Web. It is also called "e-business," "e-tailing" and "I-commerce." Although in most cases e-commerce and e-business are synonymous, e-commerce implies that goods and services can be purchased online, whereas e-business might be used as more of an umbrella term for a total presence on the Web, which would naturally include e-commerce (shopping) component.

The term "Electronic commerce" (or e-Commerce) refers to the use of an electronic medium to carry out commercial transactions. Most of the time, it refers to the sale of products via Internet, but the term eCommerce also covers purchasing mechanisms via Internet (for B-To-B).

A client who purchases on the Internet is called a cyber consumer. *E-Commerce* is not only limited to online sales, but also covers:

- Preparation of estimates online
- Consulting of users
- Provision of an electronic catalog
- Access plan to point of sales
- Real-time management of product availability (stock)
- Online payment
- Delivery tracking
- After-sales service

E-business includes not just about selling over the Internet. It's a 'catch-all' term for any business done electronically. Amongst other things, it can include:

- Computers and computer networks, sometimes called IT (Information Technology) or ICT (Information and Communication Technology)
- Communicating by email
- Running a website
- Using the Internet to market your business or service
- Using databases for contact management, stock control, or to communicate with suppliers
- Using business software.

Online shopping

On-line shopping is a recent phenomenon in the field of E-Business and is definitely going to be the future of shopping in the world. Most of the companies are running their on-line portals to sell their products or services on-line. Though online shopping is very common outside India, its growth in Indian Market, which is a large and strategic consumer market, is still not in line with the global market. The exclusive benefit of online shopping customers, it provides the 24 hours a day shopping facility and it also provides anywhere shopping facility.

According to The Economic Times, when you buy a product or a service over the internet, instead of going to a traditional brick-and-mortar store, it is called online shopping.

Most electronic commerce sites are online stores which have at least the following elements at the front-office level:

- An online electronic catalog listing all products for sale, their price and sometimes their availability (product in stock or number of days before delivery);
- A search engine which makes it possible to easily locate a product via search criteria (brand, price range, key word, etc.)
- A virtual caddy system (sometimes called *virtual cart*): This is the heart of the e-commerce system. The virtual caddy makes it possible to trace the purchases of the client along the way and modify the quantities for each reference;
- Secure online payment (*accounting*) is often ensured by a trusted third party (a bank) via a secure transaction;
- An order tracking system, which allows tracking of order processing and sometimes provides information on pickup of the package by the shipper.

The exclusive benefit of online shopping customers is, it provides the 24 hours in a day shopping facility and it also provides anywhere shopping facility like home, office, etc with the help of internet facility. Nowadays, the more involvement of companies in online shopping mode provides the various benefits to the customers like less cost, more discounts, fast delivery, better quality, combo offers, replacement facility, guarantee and warrantee of products, discount coupons on next purchase and many more.

Some popular websites of online shopping

www.jabong.com

www.myntra.com

www.yebhi.com

www.pepperfry.com

www.fashionara.com

www.fashionandyou.com

www.shopnineteen.com

www.koovs.com

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www.shoppersstop.com

www.cilory.com

Online banking

Electronic banking

It is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone banking. PC banking and Internet or online banking are the most frequently used designations. It should be noted, however, that the terms used to describe the various types of electronic banking are often used interchangeably.

PC banking is a form of online banking that enables customers to execute bank transactions from a PC via a modem. In most PC banking ventures, the bank offers the customer a proprietary financial software program that allows the customer to perform financial transactions from his or her home computer. The customer then dials into the bank with his or her modem, downloads data, and runs the programs that are resident on the customer's computer. Currently, many banks offer PC banking systems that allow customers to obtain account balances and credit card statements, pay bills, and transfer funds between accounts.

Internet banking, sometimes called online banking, is an outgrowth of PC banking. Internet banking uses the Internet as the delivery channel by which to conduct banking activity, for example, transferring funds, paying bills, viewing checking and savings account balances, paying mortgages, and purchasing financial instruments and certificates of deposit. An Internet banking customer accesses his or her accounts from a browser- software that runs Internet banking programs resident on the bank's World Wide Web server, not on the user's PC.

Internet banks generally have lower operational and transactional costs than do traditional brick-and-mortar banks, they are often able to offer low-cost checking and high-yield Certificates of deposit. Internet banking is not limited to a physical site; some Internet banks exist without physical branches, for example, Telebank (Arlington, Virginia) and Banknet (UK). Further, in some cases, web banks are not restricted to conducting transactions within national borders and have the ability to make transactions involving large amounts of assets instantaneously.

PRETAIL

Pretail (also referred to as pre-tail, pre-retail, pre-launch, or pre-commerce) is a sub-category of e-commerce and online retail for introducing new products, services, and brands to market by pre-launching online. Pretail includes pre-sale commerce, pre-order retailers, pre-launch marketing services, crowdfunding communities, and demand chain management systems. Retailers today are increasingly pre-tailing to test, promote, and monetize consumer demand in the initial phase. Consumers engaging in pretail are known as an early adopter, fan, backer, supporter, or presumer (pre-launch consumer).

Pretail demand is growing in consumer retail: electronics, movies, music, video games, books, fashion, software apps, connected devices, cars, toys, cosmetics, art, events, etc. This trend is being driven by companies to enhance new product development, better organize product releases, lower market risk, and increase early fan adoption. Large companies are pre-tailing new products to measure demand, manage supply chain market dynamics.

MARKETING TO PROSPECTIVE AND ESTABLISHED CUSTOMERS

Every business finds that some customers are more valuable than others. This can be for a range of reasons, from the size of their purchases to the relative ease of managing their account. Successful businesses are generally those that identify these customers, build relationships with them and work to bring in new customers with a similar profile.

The benefits of understanding your customers

Understanding your customers helps you to sell more. The more you know about them and their needs, the easier it is to identify opportunities to sell them new products and target them with appropriate offers.

Profiling existing customers also makes it easier to find new ones. You can look for similar prospects, and sell to them in a similar way.

Learn about your customers

Your customers are a valuable source of information, so you should aim to collect data that lets you identify your customers and how they behave. This will vary depending on your customer profile. If you sell to individual consumers, you might want to know about their age, gender, income and so on.

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Make customer information available

Making customer information available to employees can make them more productive. For example, you could give sales staff access to financial systems so that they can check orders and payments. You need to decide what information different employees might need, and how to make it available to them.

Technology can help. For example, you can share correspondence and other information on your computer network. Using caller recognition, staff can view an incoming caller's details and purchasing history before even answering the phone.

You could also consider giving customers online access, so that they can update their own details themselves.

Analyse your customers

The right information will let you build up a useful profile of your customers. This typically includes the following:

- who they are - the age and gender of individual consumers, or industry and business size for corporate customers
- what they think and believe, what interests them and their opinion of you and your product
- their purchasing behaviour - which products they buy, where they buy them, when, and how they pay

What makes your customers valuable

Most businesses want customers who are as profitable as possible. Customers tend to be more profitable if they:

- buy high-margin products
- pay full price without negotiating discounts
- place a small number of large orders rather than many small orders
- do not cancel or amend orders
- pay on time, without being chased for payment
- do not require extensive after-sales service

Find new customers

Understanding who your most valuable customers are helps focus your efforts to find new customers. Often, the most effective approach is to look for similar prospects.

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At the same time, diversification is important. It's risky relying too heavily on just a few key customers. Even if you have many customers, it's risky if they are too similar. A change in circumstances could mean that all of them reduce their purchases at the same time – e.g. if your three largest customers are based in the US, a change in the exchange rate could see them drastically reduce their orders.

As markets change, you should regularly review your marketing strategy. Particular market segments may become less profitable as competition increases. Customers' requirements may change, for example, as individual consumers become older.

Over time, customers who used to be highly profitable might demand lower prices.

Keep an eye on customers' future potential as well. Working with your customers can also help you identify ways to develop new and improved products.

Startup Business

A startup company (startup or start-up) is an entrepreneurial venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing or offering an innovative product, process or service. A startup is usually a company such as a small business, a partnership or an organization designed to rapidly develop a scalable business model.

Startup companies can come in all forms and sizes. Typically, a startup will begin by building a first minimum viable product (MVP), a prototype, to validate, assess and develop the new ideas or business concepts. In addition, startups founders do research to deepen their understanding of the ideas, technologies or business concepts and their commercial potential. Companies may also fail and cease to operate altogether, an outcome that is very likely for startups, given that they are developing disruptive innovations which may not function as expected and for which there may not be market demand, even when the product or service is finally developed. Given that startups operate in high-risk sectors, it can also be hard to attract investors to support the product/service development or attract buyers.

Startups have several options for funding. Venture capital firms and angel investors may help startup companies begin operations, exchanging seed money for an equity stake in the firm. In practice though, many startups are initially funded by the founders themselves in which loans or monetary gifts from friends and family are combined with savings and credit card debt to finance the venture.

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