# SECTION – 4

## QUESTION-1.

## ANSWER:-

When it comes to promoting your product there are many strategies that you can put into place to get your product in front of your customers. There are two main strategies, push and pull, that will help you sell your product. Depending on the infrastructure and type of small business you own, each strategy has its benefits.

**What is Push Promotion Strategy?**

A push promotional strategy, is a marketing strategy that sees companies take its products to its consumers. The goal of this strategy is to get the product directly in front of the customers, in the form of  trade shows and point of sale displays.  These are the most common push promotion strategies used today:

Direct selling to customers in showrooms

Point of Sale (POS) displays

Trade show promotions

Package or display design

**Advantages of Push Marketing Strategy**

There are many advantages to using a push marketing strategy including:

The ability to establish a sales channel

Create product exposure, demand, and consumer awareness about a product

Able to forecast and predict demand

**What is a Pull Promotional Strategy?**

A pull promotional strategy, also called a pull marketing strategy, is the opposite of a push strategy. Instead of directly attempting to get products in front of customers, a pull strategy aims to get the customers to come to the product (hence the term “pull”).

A pull strategy is all about getting the customer to come to you. There are six widely used pull marketing strategies employed today:

Advertising and mass media production

Word-of-mouth referrals

Customer relationship management

Sales promotions and discounts

Social media coverage

Email marketing

Pull marketing strategies have gained momentum in the mobile-based world. With geofencing, geotargeting, and similar technologies, pull strategies are becoming increasingly easier and more relevant.

**Advantages of Pull Marketing Strategy**

There are many advantages of using a pull marketing strategy, including:

Establishing direct contact with your customers

Building consumer loyalty

Stronger bargaining power with retailers or distributers

No pressure to conduct outbound marketing

Ability to test a product's acceptance in the market and gain feedback on the product

Whichever promotional strategy you choose, it is important to use a strategy that works with your small business goals. Keep organized and thrive with QuickBooks Online. Keep an eye on your cash flow with up-to-date financial reports, track your expenses, and mange your inventory all from one app.

## Vertical Marketing System

**Definition:** A Vertical Marketing system (VMS) comprises of the main distribution channel partners- the producer, the wholesaler and the retailer who work together as a unified group to serve the customer needs.

In conventional marketing system, the producer, wholesaler and the retailer worked separately with the intention to maximize their profits even at the expense of one another. This led to the unending conflicts between the channel partners resulting in less profits for the business as a whole.

In order to overcome these conflicts, several firms have started using a vertical marketing system wherein producers, wholesalers and retailers have joined hands with each other and are working in unison towards the accomplishment of the business objective as a whole. This has led to the increased profits for each involved in the channel of distribution.

**Vertical Marketing System is further divided into three parts which are explained below:**

**Corporate Vertical Marketing System–** In Corporate VMS, one member of the distribution channel be it a producer, a wholesaler or a retailer Owns all the other Members of the Channel, thereby having all the elements of production and distribution channel under a single ownership.For example,: Amway is an American cosmetic company, which manufactures its own product range and sell these products only through its authorized Amway stores. Here the ownership of production and distribution is with the company itself.

**Contractual Vertical Marketing System**– In Contractual VMS, every member in the distribution channel works independently and integrate their activities on a Contractual Basis to earn more profits that are earned when working in isolation. The most common form of Contractual VMS is Franchising. In franchising, the producer authorizes the distributor to sell its product under the producer's name against some annual license fee. For example, Mc-Donalds, Dominos, Pizza Hut, etc. are all forms of the franchise which are working on a contractual basis.

**Administered Vertical Marketing System**– Under Administered VMS, there is no contract between the members of production & distribution channel but their activities do get influenced by the Size and Power of any one of the member. In simple words, any powerful and influential member of the channel dominate the activities of other channel members. For example, Big brands like HUL, ITC, Procter& Gamble, etc. command a high level of cooperation from the retailers in terms of display, shelf space, pricing policies, and promotional schemes.

Thus, through a vertical marketing system, the channel partners establishes a close contact with each other and work in unison towards the accomplishment of common objectives thereby enjoying more profits which they would have been earning when working alone.