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Waste Management Marketing Trends

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First Edition

सत्यमेव जयते

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About the Book

Man has and will continue to exploit the natural environment in the race for development. Human interference has always been a cause of concern. Industrial revolution in almost all sectors and advancement in science & technology has not only degraded the environment but has reduced mortality rates. The ever increasing population and “use & throw culture” has enhanced the problem of waste accumulation. This waste poses threat to survival of living beings.The love for environment and nature rarely exists. It is sad to note that the concept of sustainable development cannot be implemented unless sustainable practices are followed. The book is a result of emerging thought processes which try to develop and sensitize human beings towards environment. Thebooks encourages to follow basic principles of “reduce, recycle and reuse” which will drastically reduce the burden on available resources. It is an effort to make people realize how small steps towards this initiative can save from major crisis. It gives a message of judicial use of resources and motivates people to come up with innovative ways to handle waste. This book is divided into four blocks. First Block deals with Market Integration of Waste Management, Second Block deals with Integrated Market Communication, Third block deals with Integrated Waste Management and finally, fourth block deals with Services Marketing.

Globally, people are worried about the dangers of accumulating waste. India has to go a long way to address the issue. She is struggling to eradicate poverty and develop economy. Rural India has to contribute towards waste management. The book tries to touch upon various possible solutions.The introduction of the book in itself is a great step towards fighting the menace of Waste Management.

Human beings are social beings and Communication has been considered the foundation of all human relationships. This communication entails exchange of information, ideas or feelings. According to Gould et al., (1999) advancing communication approaches pushes for learning and management throughout a communication network. Thereby marketing communication encompasses all forms of communication functions chosen for marketing of a product or service and adds winning values to a product.

Marketing communications, as has been argued by Keller (2001) are “the means by which firms attempt to inform, persuade, incite, and remind consumers – directly or indirectly - about the brands they sell.” Thereby Marketing communication represents the efforts of the brands to ‘establish a dialogue’ with consumers. Marketing communication enables the brands to perform four major roles, that is to - inform, persuade, incite and remind consumers.

In common understanding, any material that is unwanted or has outlived its usefulness is termed waste. All life forms generate; they consume natural resources to grow and reproduce, and in the process produce waste. This waste, however, in the natural world, breaks down to replenish the system. As human civilisations and systems grew more complex, the quantum of resources used and waste generated increased. This is especially true once human populations exploded with agriculture and the move from a nomadic to a settled lifestyle. However, at this point, waste generated continued to be organic and therefore biodegradable. The quantum of waste generated in crowded urban areas of the medieval world, however, was problematic. The disease burden in these societies was high due to unhygienic disposal of waste. However, it was with the industrial revolution and development of more complex inorganic materials, mass produced in factories, that waste truly

became a problem.
Services in waste management is the need of the entire country, as India is facing a severe problem of waste and garbage throughout the country due to urbanization. Service by definition means "to serve" and by characteristics means "something intangible" that cannot be seen or touched. The other characteristics of service make it more difficult to understand, deliver and communicate to the customers. Services marketing has its own bunch of challenges for the marketers, be it any area or specialization. However, it is much supported by search, experience and credence of the consumers.
Waste management service providers in India are no exception to the challenges given by the basic characteristics of services. The urban consumers generate majority of the waste and out of that not all is treated. The 80% of the 62 MT waste is dumped in landfills or taken to the dump yards by municipalities. The responsibility of the waste management organizations is not just to collect the waste but also the treatment of the same. Another challenge for these organizations is that the major budget is used for collection and sorting and small amount is left for the recycling part.
The Government along with private organizations are on their toes for managing the industrial as well as domestic garbage. Swachh Bharat Mission launched on 2nd October, 2014 for "gramin" and urban both will definitely bench mark the success of the mission in 2019 as a tribute to Mahatma Gandhi on his 150th birth anniversary. Swachh Survekshan 2019 has come out with rankings for India's cleanest cities for two years in a row. Indore is the first city to apply for a seven-star rating and as per IMC, has 100 per cent door-to-door waste collection, 100 per cent waste treatment and waste free local water bodies. The city has also successfully eliminated the legacy waste which means decade-old landfill has been cleared and the waste has been treated – making it a zero-landfill city.

Linking the theories of services marketing with the challenges faced by the organizations as well as the consumer is of utmost importance. The services in the waste management have high demand and are therefore visible. Especially urban consumers are the potential customers due to their lifestyle and occupancies. The various topics covered under the book explain the concepts of service products and the challenges ahead in waste management. The waste management organizations need to strategically handle the challenges; therefore development and implementation of strategies are explained with suitable instances.Another important aspect that decides the success rate of the strategies are research, segmentation, targeting and positioning of services offered by any waste management organization.

The Marketing mix, covering four Ps of marketing is another dimension which needs special attention. In services the facilitation and enhancing dimension of services should be communicated to the consumers. For any business building customer loyalty is crucial therefore balancing demand and productive capacities and crafting an environment through which customer remains satisfied is something that is expected from the service provider. However, crafting an environment will not work in isolation for the same developing loyalty progammes also require Improved Service Quality.This book covers the various above mentioned challenges and aspects with suitable examples to develop better understanding and decision making.

Acknowledgement

This book represents the collective efforts of many remarkable individuals. We would like to thank the contributors to this volume for their collective wisdom, experience and insight. Envisioned by Shri VLVSS Subba Rao, Senior Economic Advisor, MHRD, the book took shape under his keen guidance.

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Block 1

Market Integration for Waste Management

Swachhta Action Plan

सत्यमेव जयते

Mahatma Gandhi National Council of Rural Education

Department of Higher Education

Ministry of Human Resource Development, Government of India

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Where there is Rural Wellbeing there is Universal Prosperity

Contents

Chapter 1 Introduction to Sales & Distribution Management

Introduction

Every day we come across buying a product, it could be anything from newspaper to a buying a car. This is possible through a monetary transaction in exchange for goods. In certain cases, we are assisted in completing the entire process (through a sales person), in short, a person who persuades us to buy.

Sales Management with respect to waste management rarely involves individuals but surely an individual can assist in reducing waste by buying products which help in minimising waste and with growing awareness and environment concerns it has become necessary to manage waste. We as an individual have only come across recycling paper waste through so called raddiwalas and ignored the very aspect of entire chain of how it is conducted. What we do by selling used paper to raddiwala is selling at an exchange price.

Waste management calls for organisation to manufacture such products which will either completely destroy the products causing harm or convert it into less destructible components.

Learning Objectives

- ✓ Understand the concept of sales management with respect to waste
- ✓ Elaborate various personal selling strategies
- ✓ Exemplify sales forecasting and budgeting decisions
- ✓ Study latest trends in selling waste
- ✓ Illustrate best practices in Waste Management

Structure

a. Nature, Scope & Types of Sales Management
b. Personal Selling (Theories & Strategies)
c. Sales Forecasting and Budgeting decisions
d. Emerging Trends in selling
e. Ethical Leadership

1.1 Nature, Scope & Types of Sales Management

Waste which is generated at different levels of industrial processes, domestically and or as a by-product of any activity needs to be sold or converted into some other product. Waste generated at domestic levels is classified into: Wet waste and dry waste. Ideally dry waste may consist of broken glass, plastic, steel and newspaper, which is sold to a scrap dealer, so herein we can see there is no requirement of a sales agent, and it is directly sold. But a bigger role is played in the processing of this waste where the role of various mediators is cited. As it is emerging field and eventually gaining interest from big players all types of sale module can be seen but there are distributers and dealers involved.

People who deal with waste management are on lookout of machinery which will help them reduce or recycle this waste. The type of equipment sold or bought is totally dependent on type of waste.

For eg: Hospital Waste consists of infectious waste, Bio-Medical waste which need completely different type of treatment and hence there is tremendous requirement of autoclaves, incinerators, disinfectants etc.

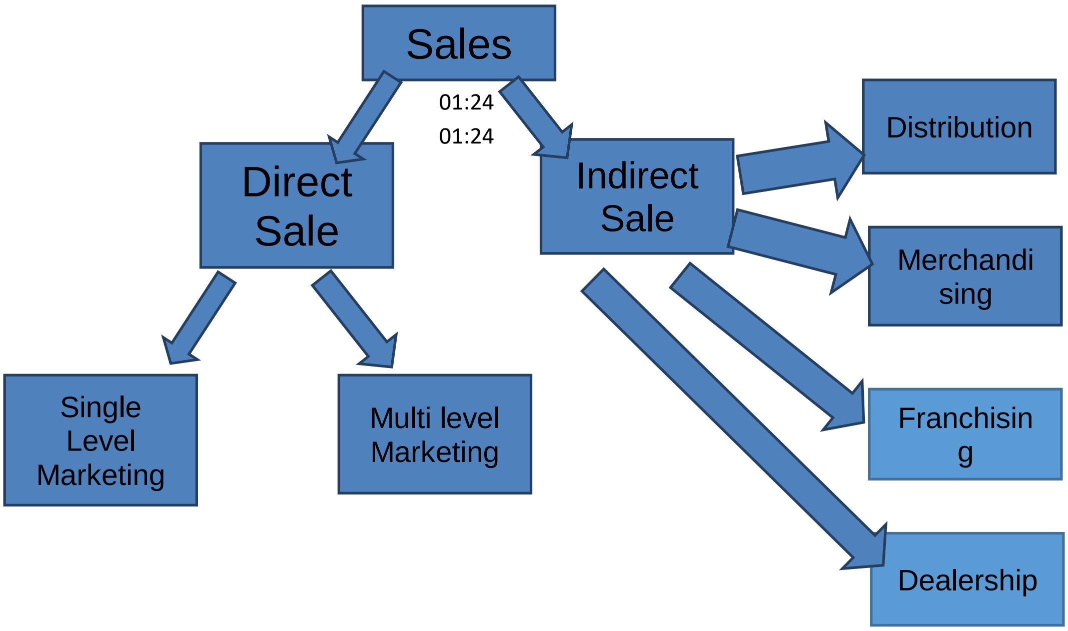


Fig 1.1 Different types of Sales

Direct Sales:
Single Level Marketing: Product is bought from parent organization and sold directly to customer:
Eg:Big Bazaar/Sale through Internet
Big Bazaar provides solution to get rid of Dry Waste falling under whichever category.
Multi-level Marketing: It is also called Network Marketing or Person to Person Marketing. Sales team are created forming a chain through which a commission can be earned. It is required at Industrial level as the type of waste generated will be ranging from Metals, harmful chemicals, Liquid waste etc.
Eg:Cloth bags (Bio-Degradable waste)

Indirect Sale
Product are sold through a third party.
Distribution: Newspaper Vendor/Bharat Gas Agency (Clean source of energy)
Merchandising: Retail outlet/Malls –Packaging Aspects.
Franchising: McDonalds (Eco Friendly ways of packaging and disposal)
Dealership: Bakeys -Edible Cutlery

What is marketing?
It is a broad term defining systematic process which involves planning, implementation and all related activities which bring buyer and seller together.
What is marketed?
All products which help in managing, reducing or converting waste.
Eg: storage containers, Biodegradable products, Industry equipment's (scrubbers, combustor, shredders, compactors, garbage trucks)

Observe the above box and answer the following questions:

1. What is the offer about?
2. How is it beneficial to both the entities?

What is Sales Management?
There are many definitions of Sales Management; some of the widely used are as follows: -

1. **According to Committee on Definitions, American Marketing Association**, "Sales Management is the planning, direction and control of the personal selling activities of a business unit including recruiting, selecting, training, equipping, assigning, routing, and supervising. Paying and motivating, as these tasks apply to the personal sales-force.

2. **In the words of Rachman and Romano,** "Sales Management includes recruiting, selecting, training, supervising, motivating and evaluating the sales-force."

3**. In the words of Hampton and Zabin,** "Sales Management is primarily the direction of men with all the management functions, of organisation, control, recruitment, training, supervision and motivation.

4. **in the words of Hain- R. Tosdal**. -Sales Management is the part of the management in which the aim of an organisation is to make provision for the sale of the produced commodities.

5. **According to B.R. Canfield** "Sales Management involves the direction and control of salesmen, sales planning, budgeting, policy making, coordination of marketing research, advertising, sales promotion and merchandising and the integration in the marketing programme of all business activities that contribute to the increased sales and profits."

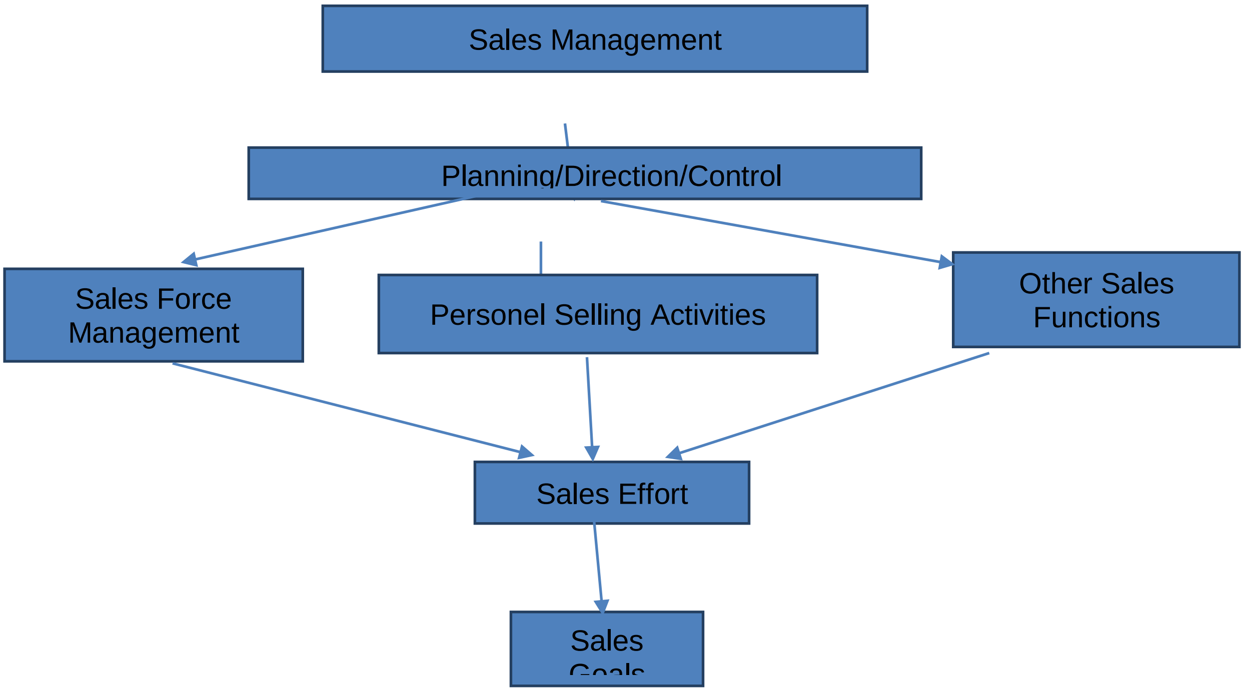


Fig 1.2 Nature and characteristics of sales management

1. **Key Function**—It is one of the key function in most of the enterprises, many organisations often face wide range of problems in sales, they are bound to exists even in organisations not employing sales personnel.

2. **Responsible**—It is important component of Marketing function and hence responsible for the functional implementation of all personal selling activities. It helps in key marketing decisions as in the case of Budgeting, Quotas etc.

3. **Role**—Sales managers have a larger role to play as they are equally responsible to participate in decisions on products, marketing channels and distribution policies, advertising and other promotion, and pricing. It becomes all the more important if one has to sell products after creating awareness.

4. **Strategic Function**—Sales management is all about achieving personal-selling objectives through implementation of 'personal-selling strategy.'

5**. Development of Human Resources**—Sales Management also involves the management of Human Resource which forms the Back Bone of the entire process of Sales. Sales personals needs to be trained and developed as per the needs of the organisations.

6. **Specialised Function**—Sales management is very crucial with respect to the organisations growth and hence it is considered under specialised function. As the criteria are already defined and the salesman has to be an expert.

7. **Consumer Welfare**—although organisations goal is to attain profits through optimization but sales Management has to be consumer centric, they have to orient themselves towards welfare of consumers, satisfaction and social advantage.

8. **Customer-oriented**—Products will be sold only if they are designed as they are required so Sales management is expected to be customer-oriented. 'Customer delight' is the fundamental guiding principle of sales management.

9. **Functional Area**— Most of the activities happen at the level of Sales management like planning, organizing, direction, motivation and control appliedsales activities and sales-force for securing better business performance, viz., reasonable profits through sales.

10**. Challenging Profession**— Managing Sales is in itself a challenge, sales volume cannot be attained without dedicated efforts of handling sales operations which eventually contribute to profits and growth along with customer satisfaction.

11. **Sub-System of Marketing**—Sales management is a part of Marketing management and interdependent entities.

12. **Synonymous with Marketing Management**— it is treated identical with marketing Management as the scope has attained wider and newer dimension.

13. **Goals**—It is goal oriented and the entire system survives on the major contributions to profits and growth. It in fact gives direction to future course of action.

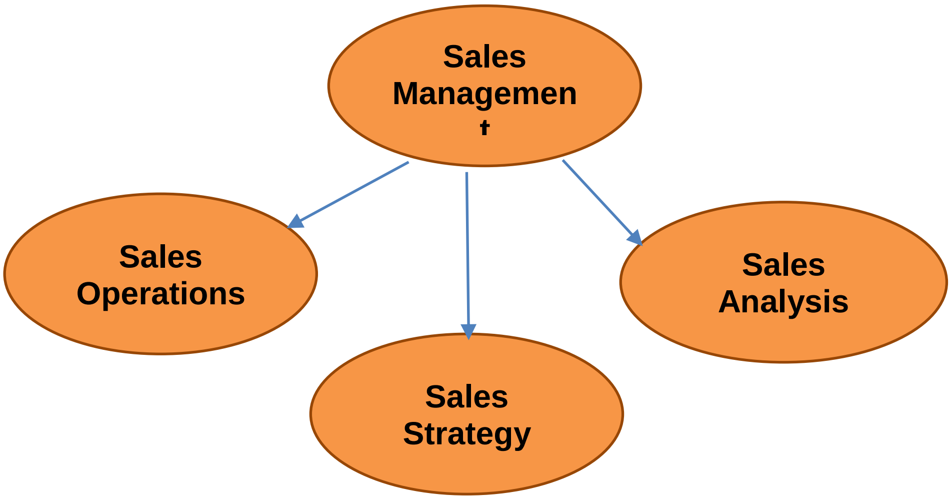


Fig 1.3 Sales is managed under three Umbrella

Sales Operations can be successfully managed through Talented Leadership, Right attitude and a product with competitive advantage. The products in waste management category are either new, expensive and hence rarely catch buyer attention. Edible cutlery introduced by Bakeys is very effective means to get rid of disposable plastic but finds very few customers and so compels them to design sale strategy in such a way so as to increase the sale which indirectly puts pressure on analysing the sale. India being an agrarian economy need to deal with agriculture waste. Compost Manure is one such method which can be used as natural fertilizer and if produced in larger quantity will have to search for potential buyer. Bio-Gas plant is another way of handling such type of waste so related equipment's needs to be manufactured and hunt for markets in same sector.

Case let 1

Visit www.bakeys.com

Study the contents of all tabs and answer the questions that follow:

1. Why is it required to produce edible /biodegradable products?
2. What is the role of such products in waste management?
3. What kind of sale strategy are they implementing?
4. Why do you think they have employed E-Commerce as a platform to sell their products?
5. What efforts should be taken to increase the sale?
6. Can they implement direct selling of the product?

Reading activity: 2011-India-study-Scrap-Dealers-Recyclers.pdf
Youtube Video Link:https://www.youtube.com/watch?v=y74Dr3QvEL8

1.2 Personal Selling (Theories & Strategies)

Personal selling is one of the means of efficient Sales. Sales person interact with different customers in different ways. The ultimate objective is to influence the customer which leads to purchase. One of the ways of influencing customers is called "Salesmanship". Management is all about managing Resources. It plays a very crucial role in selling products which help in managing waste. There are many rules and laws governing the disposal of waste, it has become mandatory for manufacturers to produce such equipment's which will help in safe disposal of waste. In that connection personal selling plays an important role as it is required of a salesperson to contribute immensely in convincing a potential customer.

General Attributes of a salesperson:

- ✓ Smart, confident and must have good communication skills.
- ✓ Conversant with local language and environment.
- ✓ Good negotiation skills.

Specific Attributes of a salesperson:

- ✓ Good product knowledge and love for environment.
- ✓ Good information about environmental concerns and global efforts.

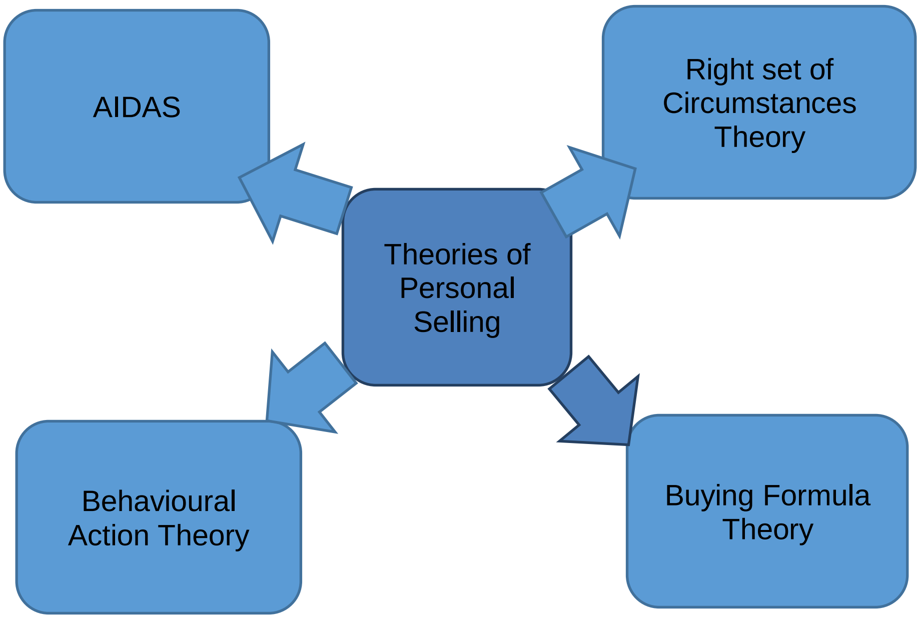


Fig: 1.4Theories of Personal Selling

- ➢ **AIDAS: Most common theory which is seller oriented based on experimental learning.**

Here the seller tries to seek attention, develop interest and create desire in the mind of the buyer resulting in action which leads to purchase. The buyer goes through a mental process which persuades him to buy. In such cases where the product is expensive but the

buyer is convinced about long term benefits then he/she can be persuaded to buy.
For Eg: Buying a car which runs on Petrol/CNG/LPG/Electric Car.
A buyer can be persuaded to buy Electric Car/CNG car based on its fuel efficiency. In such a way the buyer contribute by using clean source of energy and minimising air pollution.

- **Right set of Circumstances Theory**

  It is also called “Situation-Response Theory”,it institutes one concept of selling that “Everything was right for the Sale”. This theory uses circumstances so created to persuade a customer to buy the product. This theory is also seller oriented. The seller can make use of clauses under Waste Management Rules and can persuade the buyer to buy the product.

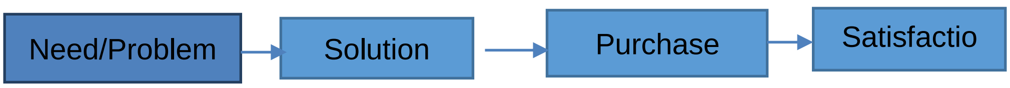
  For Eg: An industry creating Air Pollution can be persuaded to buy Air Scrubbers to reduce Air Pollution.

  Hospital authorities can be made to buy three types of containers to dispose waste as per Bio-Medical Waste Handling rules.

- **Buying Formula Theory**

  This theory is buyer oriented. The need/problem of the customer is the triggering factor which makes him/her buy the product, which is a solution provided by the salesperson.

  For eg: The customers willingly buy carry bags made out of cloths or paper due to ban on plastic(due to non-biodegradability).



- **Behavioral Equation Theory**

  This theory was proposed by Howard after studying many behavioral aspects of customer and is an upgraded version of Right set of Circumstances Theory. He has summed up this theory in an Equation:

  $B = P \times D \times K \times V$

  Where

  P- Act of Purchasing

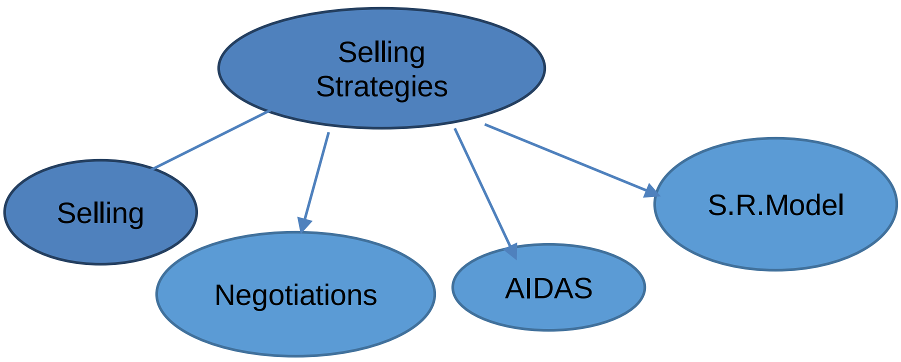
  D- Drive to buy

  K- Value to the Buyer

  V- Intensity of Trigger

Strategies for Personal Selling

Strategies for Personal Selling are dependent on the effectiveness of policies which are made by the Marketing Department.



- **Selling Strategy**

It can be Short Term and Long Term. Short Term Strategy focuses on sales and promotions. Long Term Strategy focuses on continuous sales, growth & goodwill. It is very important to identify what to sell and to whom.
One cannot sell Air Scrubbers to Hospital authorities. The strategy has to be designed in such a manner as to take care of future prospects and quality.

- **Negotiations Strategy**

It helps the customer and sales professional to arrive at a win-win situation with respect to price and facilitates buying. It is very important in selling heavy machinery to a customer who is targeting long term benefits. It is very crucial to bring down the cost of such equipment's/products to encourage people to buy.

- **AIDAS Strategy**

It is all about seeking attention and slowly persuading him/her to buy the product. The customer goes through a mental process of finalising decision on buying.

- **S.R.Model**

It is also called stimulus-Response model which works on stimulating the customer to buy.

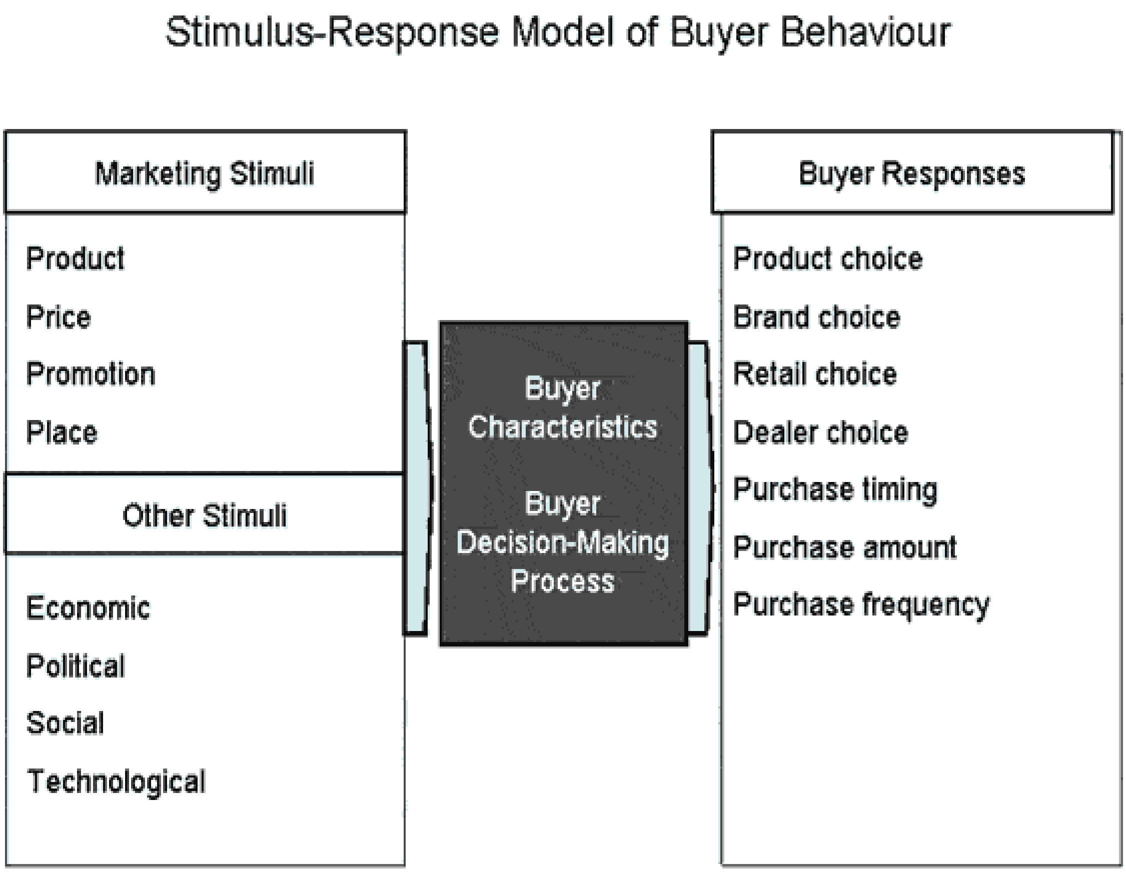


Fig 1.5Stimulus-Response Model of Buyer Behaviour

Technological and Social stimuli play a decisive role with respect to waste management, as there are

few products in market, lesser brands it becomes imperative for a buyer to buy the product.
For.eg: AMB ecosteryl is into manufacturing equipment’s which help hospitals in managing waste.

Strategies for Personal Selling

As the market is large and awareness less, it is important to careful plan the strategies, the kind of sales personal recruited will go a long way in achieving the required target.The salesperson needs to be trained giving them sufficient compensation. There could be demonstration sessions for the customer to understand the working of the system hence good product knowledge is essential. Individual will be required to practice his/her presence of mind depending on the circumstances.

Things to do:

Visit: https://www.youtube.com/watch?reload=9&v=tu4tfwuoeW8

Based on above figure and video answer the following questions:

1. List the number of items you possess under the E-Waste Category.
2. Do you think you possess more than the number of items required for any purpose?
3. How do you dispose them?
4. Do you think E-Waste has good revenue generation? If Yes how?
5. What according to you are some of the reusable components of E-Waste?
6. As per the video, do you think sophisticated equipment's are required?
7. What steps will you take as an individual to minimise E-Waste?
8. What are the harmful effects of disposing untreated E-Waste?
9. What is the role of recycling equipment's in managing waste?
10. According to you should the facility of E-waste Management located near to residential premises? If No, Why?

1.3 Sales Forecasting & Budgeting Decisions:

Every product produced needs to be sold, there are many different types of costs involved while manufacturing and proper planning needs to be done with respect to forecasting sales based on past experiences.

Sales forecasting helps to set targets for overall sale of products, it is self-assessment tool for the company. It is an integrated exercise in the organisation.

It influences other decisions:

- ✓ Production schedule
- ✓ Cash flow forecast
- ✓ Human Resource Decisions
- ✓ Evaluation of past and present sale
- ✓ Establish policies

There are many internal and external factors which will have effect on forecasting. As the world is moving towards sustainable development and growing concern on environmental quality, waste management has a vital role to play. Accordingly, industry leaders are slowly attracted towards production of such products which will help in managing waste and so they spend huge amount on research & development of such products.

For eg: As polythene has severe implications on environment, research & development is required to produce some alternative to packaging. Looking at the low demands in this sector, cost is too high hence careful planning is required.

External Factors affecting Sales Forecast

Above factors although applicable to all products, the products in waste management category are also governed by ever-changing environment norms globally. Population will grow exponentially and so there will be more and more demand for product in this category. Sales forecasting requires sufficiently detailed analysis of both the external and internal factors related to the sales function. With constant competition around and desire to innovate we can come across newer and modified versions of the same product.

- ✓ Describe in your own words if you have come across any such innovations.
- ✓ Agriculture sector needs to be revamped, what are the possible ways by which one can increase the shelf life of some of the fruits and vegetable and introduce methods for the processing of the same.
- ✓ https://www.youtube.com/watch?v=4dJvD2QPRRU
- ✓ What are the possible strategies Wal Mart should introduce in line with the Indian MARKET, record your observations based on the above video?

Internal Factors Affecting Sales Forecast

Apart from external factors, there are many internal factors which can have detrimental impact on the sales forecast. Labour problems are the ones to have detrimental impact and inventory changes. It is required to design the policies in such a way so as to have minimum effect.

Case let No: 2

ABC Pvt Ltd is into manufacture of Incinerators for Hospital Waste Management. They have good consumer base in majority of pathological labs and hospitals. There are many more labs and hospitals mushrooming in the same locality. The incinerators are produced as per the norms set. Government policies changes are introduced overnight. There are raids on labs not abiding by the said standards. The standards for manufacture of incinerators are also changed.

- Enlist the external and internal factors as per the case above.
- How the changed norms affect the inventory?
- Will it affect price and in what way?
- How will it affect sales forecasting?

Sales forecast has to be made based on:

1. Items to be forecasted.
2. Extent of forecast in the future.
3. Frequency of the forecast.
4. Review frequency of the forecast.
5. An acceptable tolerance of forecast error.

The data which is required on consistent basis for making the sales forecast is as follows:

1. Accounting records
2. Financial statements
3. Sales-call reports
4. After-sales service demands from clients

Sale forecast can be short term, intermediate or long term depending on the product and expected target to be achieved. There are largely two techniques followed i.e., Quantitative and Qualitative. Although forecast seems to be number driven but it should be people driven. It is very important for the sales people to understand the expectations of the organisation and how the sale will benefit them and by selling such products how they become more and more responsible towards environment. Ideally sales people should play active role in forecasting as they are more aware of customers' needs and external environment.

Sales Budget

Sales budget is required to estimate sales and also estimate earnings from sales. These types of budgets are made for smooth functioning of sales function. It helps in improved planning, communication, coordination and avoids uncontrolled expenditure.

Features: It is first component of Master Operating Budget as the sales affect all other parts of the master budget. It is composed of break even, target and projected sales. It includes sales by product, location, customer density and seasonal sales patterns. It is planned around thecompetition, the material available, cost of distribution, government controls and the politicalclimate.

Significance: It is one of the important component which helps to plan allocation of finances. It helps to analyse the actual performance to the budgeted. It helps to categorically allocate funds for selling, distribution, advertising and marketing.

Effects:- A good sales budget definitely serves as a guide with respect to achieving target sales. It must be flexible and resilient to changing market conditions. It must be free of restraints so that sales function is not affected. It also controls general sales prospects. All other marketing activities are also planned around a sales budget.

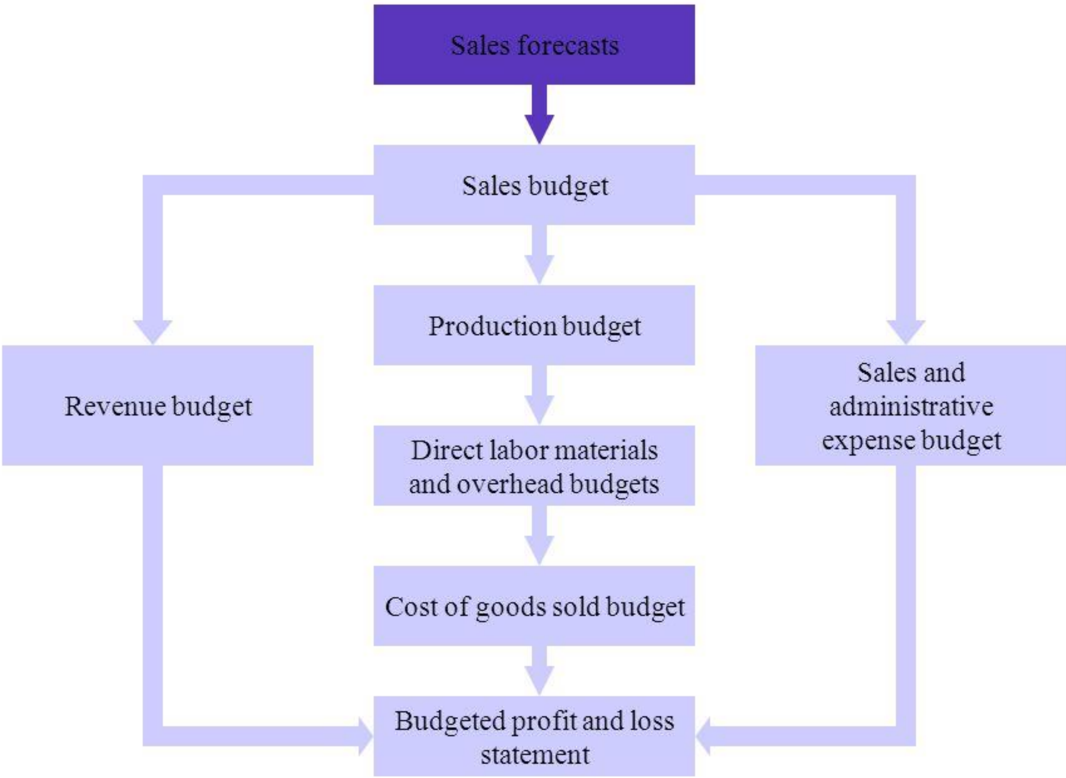
Benefits: Sales target can be achieved. Monitoring of finances and avoiding other expenses is possible. Losses can be prevented. Departmental performance can be evaluated. Marketing expenses can be controlled.

Types of budgets

1. Sales budget 2.Selling-expense budget 3.Administrative budget & Profit budget

Precautions in preparing sales budgets

1. Difficulty in projecting future course of events.
2. Problems in acceptance
3. Time intensive
4. Long term impact



Impact of Sales Forecasts on Budgeting

Fig 1.6 Impact of Sales Forecasts on Budgeting

Case Study

Kris Jones and Joe Warren are both accounting clerks in a medium-sized manufacturing firm called ABC Products, Inc. The head accountant, Brooke Shenker, has just asked Kris to provide the sales budget for next month's annual budget meeting. Brooke asked Joe to construct the cash budget. Neither was happy about the request, though they did not complain directly to Brooke. Kris and Joe did talk about it, though:

> **Kris**: We spent weeks developing those budgets, getting input from all parts of the firm, and all that budget committee will do is argue for two days about what to change in our estimates. Everyone wants to set themselves up to look good. It makes me wonder why they ask for our figures in the first place.
>
> **Joe**: I agree. What's worse is that we never come in on target. Those credit sales projections are never right, and it makes me look bad because it throws my cash budget off. Last year they were 20% below my number.
>
> **Kris**: Why don't they just agree to try to improve sales? The company should put a little more money into advertising. I hate all that arguing that goes on.
>
> **Joe**: Last it went on for two days! And the numbers they came up with were so far off from our year that I heard Brooke say a child could have done a better job of forecasting. This whole budget process is a huge waste of time.
>
> **Kris**: I'll start on the sales budget tomorrow, but if I were smart I'd have scheduled my vacation to start this week…

1. Why doesn't management use Kris and Joe's numbers without making changes?

2. This firm's budget amounts are well off from actual results. Does this mean this firm's budgeting process is not worthwhile? Why or why not?
3. Let's say Brooke overheard Kris and Joe talking. What would you recommend she do? Keep in mind both team planning and individual employee motivation issues.

1.4 Emerging Trends in Selling

Sales is a dynamic area in any form of business, and has scope for constant evolution. The sales industry is exposed to and so influenced by changing customer demands, demographic shifts, disruptive technologies, and globalization–all of which change the way buyers and sellers interact with each other. Sales forecasting and the budget also has an effect on the way sales strategies designed. Sales team dealing with industries manufacturing waste management equipment's for various sectors have additional limitations like Global Policies on Environment, National Policies, acceptance by customers etc.

Before moving on to understand the latest trends in marketing, let's try to review traditional approaches and differentiating them.

Table 1.1 Difference between traditional approach & modern approach

Traditional approach	Modern approach
Old method still used, typical selling	Essential for the business to sustain competition
Standard product is sold	Tailor made, customised product on offer
Sales Person is involved	Strategic Business Manager is involved
Seller has only product knowledge	Complete knowledge about market condition and customer orientation
Selling price is cost driven	Selling price is market driven
Salesperson have less authority	Sales persons have high authority
Hierarchical management structures	Management structures are flat
Seller oriented	Customer oriented
Buying & selling is a function	Buying & Selling is a process

Looking at the demands the market puts forward, it is important for the businesses to keep up with the pace of rapidly changing technology and innovations so that it helps them to stand out from the competition. The growth of artificial intelligence (AI), automation, influencer marketing and other advances in sales technology and techniques will bring new challenges and opportunities to sales and marketing.

Sales Automation: Due to the advance technology, it will be imperative for businesses to harness the use of automation and Artificial Intelligence will free the sales team and use the free time in closing deals.

Smart content to personalize the customer experience: As the customers have become techno savvy the delivery of the content on the specified website will be the key. Through Smart content, website will be able to deliver personalised features. Targeted recommendations can be shared to the individual customers through such website.

Messaging apps have become the new face of social media: WhatsApp, WeChat, Facebook Messenger and Viber—now have a larger combined user base than the top four social networks—Facebook, Twitter, Instagram, and LinkedIn. These apps can help to flip the sales.

Targeting customers through micro-moments will become more important: In the era of smart phones customer have access to overload of information but provision of one-touch access to vital information will become key.

Micro-influencers will continue to trump big names: Word of mouth marketing always plays a significant role in affecting sales, micro influencers are group of people who comment on the post and can have decisive role to play.

Globalisation is one aspect of development which has come up with host of Waste Management issues. Increasing industrialisation has not only added to pollution but also added to destructive waste.

Waste Management is challenging when it comes to either minimising its destructive tendency or even converting it into some other form. Keeping in mind the Environmental norms, industry leaders through constant efforts and research & development have designed few equipment's/Instruments which can help counter the problem of waste management. If the latest trends in sales are used then it will not only help them create awareness but also showcase the efficacy.

- ✓ **Things to do**

Read the research paper to answer the following questions:

http://centaur.reading.ac.uk/75490/1/ETIMM_V01_2016_72.pdf

1. Why is it necessary to work on the softer side of performance?
2. How does the culture of the organization affect sales?
3. Why do you think the sales has to be customer oriented and how it can be achieved?
4. Explain the significant role of technology in sales management?

Read the case study to answer the following questions:

http://www.icmrindia.org/free%20resources/Articles/Mobile%20Business-The%20Emerging%20Trends1.htm

1. How can M-Business help in customizing /diversifying market opportunities?
2. Why is it said that the Business-Models are yet to evolve?

1.5 Ethical Leadership

Ethics: Ethics is a set of moral principles. They usually affect how people make decisions and lead their lives.Ethics help an individual to distinguish between right and wrong.

Ethical Leadership: It means guiding your people, leading by example, and doing the "right thing" without abandoning your personal or organizational values.

It is very important for the leader to lead by not ordering but practicing before preaching. This is how it starts commanding respect, such a person not only respects others but also values opinion of others. Through his/her everyday activities and integrity tries to bring change in behaviour of other colleagues/subordinate.

Sales Leadership: The ability to influence others to achieve common goals for the collective good of the sales organization and company. These are the people who are detrimental in supporting a positive culture and build a strong bond and are ready to serve others. They are open minded and create collaborative culture. As it is rightly said –

Before you are a leader, success is all about growing yourself. When you become a leader, success is all about growing others. — Jack Welch

Fig 1.7Effectiveness of Leadership

Power & Leadership: Authority and power to make decisions and approach actions with coherent plan.

Needs & Wants of people: It is very important for the leader to understand what the customer needs and accordingly make changes in the training regime of the salespeople.

Goals & Objectives: Organisations goals & objectives play an important role in defining the required qualities of a leader and directs their behaviour as well. The leader's ethical framework should always align with that of the organization he or she is leading.

Leadership Skills: Not all salespeople have these skills but can be developed through training. Seeking feedback from time to time will eventually help in the process of making a leader.

Communication Skills: Most crucial component which will help the leader to build the trust and gain confidence. Threat, Persuasions, Relationships and Manipulations will all form a part of these skills.

Approaches to Management Ethics:

Immoral Management

- It is most of the time Intentional and consistently conflicts with what is moral in other words ethical.
- Opportunities are exploited for corporate gain.
- Profit and success of organization is the only aim.
- Very selfish approach.

Example: Rampant destruction of forest at the pretext of development and creation of artificial forest.

- Dumping of Sewage/Industrial effluents in sacred Ganges which is untreated.

Amoral Management

- On the border line of moral or immoral and most of the decisions lie outside the sphere of moral judgements.
- Managers are given free rein and personal ethics may apply depending on whether the managers choose to. They are also ready to face legal actions if required to as they are aware what they are doing and so mentally prepared to respond.
- Profit is the only aim and so other goals remain ignored.
- Intentionally planned but very selfish in approach as the impact of the decision is not considered.

Example: Adulteration of food, Milk products having detrimental effect on health of individuals.
Unethical practices of marketing the product.

- Making false, exaggerated, or unverified claims.
- Distortion of facts to mislead or confuse potential buyers.
- Concealing dark sides or side effects of products or services.
- Bad-mouthing rival products.

Moral Management

- All activities are aligned to a standard of ethical or moral behavior.
- Standards are already set and become active in case any dilemma arise. Self-interest is highly enlightened.
- Although profit is the ultimate aim but the process abides by and ethical standards and confines to legal obedience.

Example: Production of bio-degradable products and following norms of disposal of waste.

Case study

An increasing trend these days is diet drinks, some of which are lower in calories than regular soft drinks or even calorie-free altogether. However, just because these drinks have the label "diet" on them, does not mean that you should jump to the conclusion that they are healthier for you.
Loaded with aspartame, cyclamates and saccharin, artificial sweeteners in diet drinks have been determined to cause cancer in laboratory animals. Diet Coke is an example of unethical marketing where the company, Coca Cola is making false advertising claims. One particular marketing campaign that Coca Cola launched was endorsed by Karl Lagerfeld, the Chanel designer who claimed to have lost 80 pounds on a diet composed mainly of Diet Coke. Karl says "I drink Diet Coke from the minute I get up to the minute I go to bed … I drink nothing else."
Targeted towards women, Diet Coke has become an ultimate fashion trend with a world-renown fashion designer as the face of the product. Since inception of the product 30 years ago, Diet Coke cans have been showing up in "every model and celebrity's manicured hand." By using stick thin models and fashion designers who are obsessed with body image only makes the situation worse because it is giving women, especially young women, the wrong message. They are being told that obsessive dieting is acceptable and that Diet Coke is the key to being thin and beautiful. This is very detrimental to young girls as it has negative impacts on their self-esteem and body image.

Coca Cola should not be using Karl Lagerfeld's radical dieting ways as a means of promoting their product. Rather, they should limit such extreme statements and use regular everyday people in their ads so as not to give the wrong message about Diet Coke being directly correlated to a "healthy" body.

Answer the question that follow

1. Is Coca-Cola following unethical marketing practices? If yes, how?
2. Why should celebrities not promote such products?
3. How genuinely Coca-Cola is following norms for production of the said product?
4. Should we blindly follow the marketer?
5. What is your suggestion with respect to the marketing strategy followed?

Problems in Leadership

People tend to lead as there is feeling of ownership and support but even they can be subjected to differences due to competition.

- Conflicts of Interest: The difference of opinion will be the most destructive thing to happen and if not solved tactfully can lead to serious repercussions.
- Abuse and Dependency: Team members may resort to abusive language in some cases which is indicative of immature and irresponsible behavior.
- Problem Salespeople: A Disruptive Influence
  - Lone Wolf: People who spend time alone are not team material and hence do not get along with the team spirit.
  - Corporate Citizens: They are go-getters and spend sufficient time with internal as well as external stakeholders.
  - Institutional Stars: People who try to abide by the rules of the institution.
  - Apathetic: show no interest in any activities and listless types.
- Termination of Employment: Employment may be terminated from either side can lead to huge loss to organization.
- Sexual Harassment: There could be cases of harassment bringing defamation and loss of trust.

Case study on Leadership

Laura is the Associate Director of a non-profit agency that provides assistance to children and families. She is the head of a department that focuses on evaluating the skill-building programs the agency provides to families. She reports directly to the agency leadership. As a whole, the agency has been cautious in hiring this year because of increased competition for federal grant funding. However, they have also suffered high staff turnover. Two directors have left as well as three key research staff and one staff person from the finance department.

Laura has a demanding schedule that requires frequent travel; however, she supervises two managers who in turn are responsible for five staff members each. Both managers have been appointed within the last six months.

Manager 1: Kelly has a specific background in research. She manages staff who provide research support to another department that delivers behavioural health services to youth. Kelly supports her staff and is very organized; however, she often takes a very black and white view of issues. Upper level leadership values Kelly's latest research on the therapeutic division's services. Kelly is very motivated and driven and expects the same from her staff.

Manager 2: Linda has a strong background in social science research and evaluation. She manages staff that work on different projects within the agency. She is known as a problem solver and is extremely supportive of her staff. She is very organized and has a wealth of experience in evaluation of family services. Linda is very capable and can sometimes take on too much.

The managers are sensing that staff are becoming over worked as everyone takes on increased responsibilities due to high staff turnover. Staff have also mentioned that Laura's "glass half-empty" conversation style leaves them feeling dejected. In addition, Laura has not shared budgets with her managers, so they are having difficulty appropriately allocating work to staff. Laura said she has not received sufficient information from the finance department to complete the budgets. The finance department said they have sent her all the information they have available.

As staff become distressed, the managers are becoming frustrated. They feel like they are unable to advocate for their staff or problem solve without key information like the departmental budget.

1. How can Laura most effectively use both management and leadership skills in her role as associate director? What combination of the two do you think would work best in this setting?
2. What steps could be taken to build staff confidence?
3. What advice would you give Laura on improving her leadership skills and to the managers on improving their management skills?
4. Which leadership style do you think a leader would need to be effective in this situation?

It is important to note that Waste Management is a social issue and has to be dealt in a very responsible manner. Industry leader will have to demonstrate acute sense of devotion to the problem the world is going through. Apart from keeping themselves updated through latest rules and regulations they are supposed to come up with innovative ways to tackle all sorts of wastes. Although various sectors are contributing exceedingly well through their Corporate Social Responsibility but still there is scope to get to roots of the problem. There is also the concern to bring down the cost of equipment's and make them affordable. Customer awareness should be done on priority basis so that the customer base can be increased.

Things to Do

- ✓ Visit minimum five industries into manufacturing of Equipment's helping in waste management and note down your observations in the column as follows:

Name of the organisation	**Whether it is ISO/EMS**	**Waste generated(Y/N)**	**Type of Waste**	**Disposal Method**	**Name of the equipment**

- ✓ List five NGO's who are actively involved in Waste Management.
- ✓ What is your opinion on the Plastic Ban imposed by the Government?
- ✓ What is the concept of Zero Waste?
- ✓ Why is it important to dispose hospital waste?
- ✓ What is Green technology?
- ✓ Why is it so difficult to sell Green Technology?
- ✓ Through your experiences share ways in which malpractices is followed.

Model Questions

1. Differentiate between Traditional and Modern Approach of Selling.
2. Why has it become important to shift from Traditional to Modern Approach of Selling and how it would affect business?
3. “If Business follow ethics they will not survive”. Comment.
4. Define Sales Management. Discuss its key functions.
5. Explain four theories of selling.
6. Explain strategies of selling with examples.
7. What is the role of negotiations in selling?
8. What qualities a salesperson must have?
9. What are the qualities of an ethical leader?
10. What is the role of communication skills in selling?
11. How can the problem of waste management be addressed and what should be the action plan to make each one of us responsible?
12. How can immoral behaviour be handled?
13. “Social Media plays a significant role in marketing and creating awareness” Justify.
14. How can AIDAS approach of selling be used to sell a “Compactor”?
15. What is the importance of Sales Forecasting as long as Waste Management Industry is concerned?
16. What is the effect of changing environmental norms on the production of goods related to waste management?
17. Why there is constant stress on production of Bio-degradable products, how does it matter it terms of waste management?
18. There are various aspects of Budget, should the organisation trim expenditure on Sales & Marketing?
19. “Waste can generate sufficient Revenue”. Comment.
20. India is far behind the schedule with respect to waste management, what should be the efforts taken to improve the scenario?

Tutorials

1. Prepare a power point presentation on any organic product produced completely through green technology, enlisting sales strategy and budget. Should mention target customers.
2. Prepare a presentation on COP22.
3. Name the nations with best Waste Management practices and select any one country to prepare a presentation on the methods used.
4. “India is yet to introduce Stickers norms for Degradation of Environment”. Debate.
5. “There is a problem of Waste on globe and in space”. Comment.

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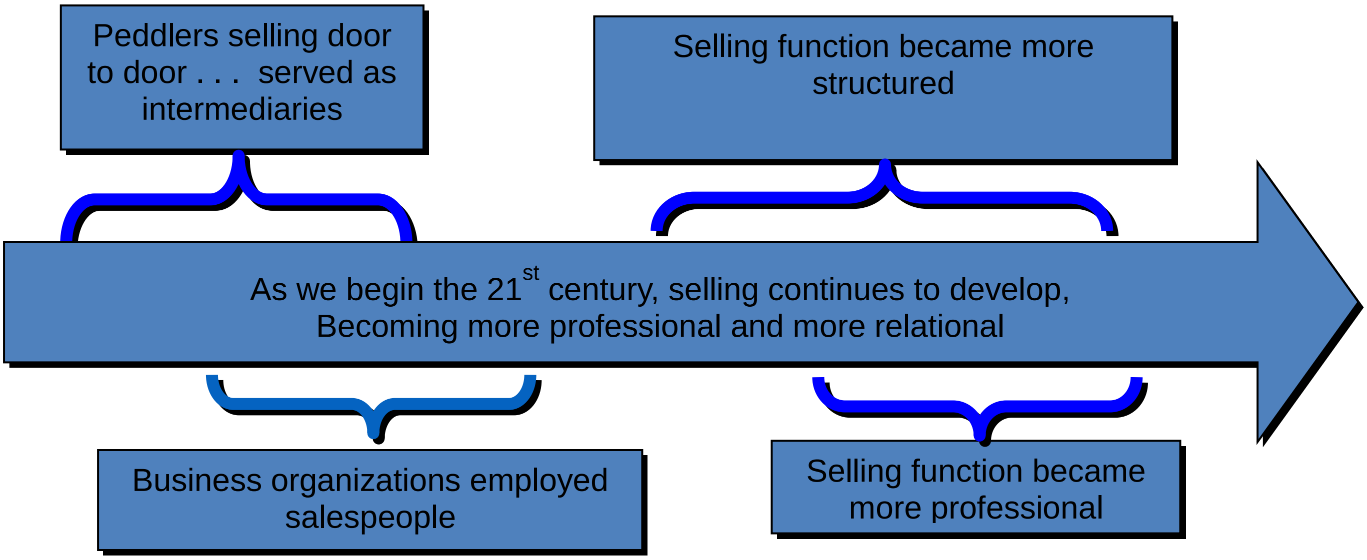
Chapter 2 Personal Selling Process, Sales Territories and Quotas

Introduction

Today's market is flooded with variety of options to the customers which makes difficult for the customers to come to a final decision of buying a product. The below figure represents the evolution and importance of personal selling.



Learning Objectives

- ✓ Understand the concept of selling.
- ✓ Elaborate the importance of relationship selling.
- ✓ Learn to design the sales territories.
- ✓ Study the meaning of sales quotas.
- ✓ Illustrate structure of sales organisation.

Structure

a. The process of Selling
b. Relationship Selling
c. Design of Sales Territories
d. Sale Quotas
e. Structure of Sales Organisation

2.1 Process of Personal Selling

'Personal Selling' is a form of highly distinctive type of promotion. It involves high level of communication that aims at bringing the right products to the right customers. It may consists of various combinations of calls from organisations representatives, assistance by administrative staff or an informal invitation within an organisation. It creates awareness about the product, develops interest about the brand and helps in negotiating the price etc. Over a period of time, the products are becoming more and more complex which has increased the importance of personal selling. Manufacturers of industry products in waste management sector rely heavily on personal selling than any other product.

In such products the promotion mix mostly consist of personal selling rather than advertising. Personal contact with the customer becomes essential to convince him/her to try their brand in case of high value product.

Qualitative Objectives of Personal selling are

1. To do the entire selling job (as when there are no other elements in the promotional mix).
2. To “service” existing accounts (that is, to maintain contacts with present customers, take orders, and so forth).
3. To search out and obtain new customers.
4. To secure and maintain customers’ cooperation in stocking and promoting the product line.
5. To keep customers informed on changes in the product line and other aspects of marketing strategy.
6. To assist customers in selling the product line (as through “missionary selling”).
7. To provide technical advice and assistance to customers (as with complicated products and where products are especially designed to fit buyers’ specializations).
8. To assist (or handle) the training of middlemen’s sales personnel.
9. To provide advice and assistance to middlemen on management problems.
10. To collect and report market information of interest and use to company management.

Quantitative Objectives of Personal selling are

1. To capture and retain a certain market share.
2. To obtain sales volume in ways that contribute to profitability (for example, by selling the “optimum” mix of company products).
3. To obtain some number of new accounts of given types.
4. To keep personal selling expenses within set limits.
5. To secure targeted percentages of certain accounts’ business.

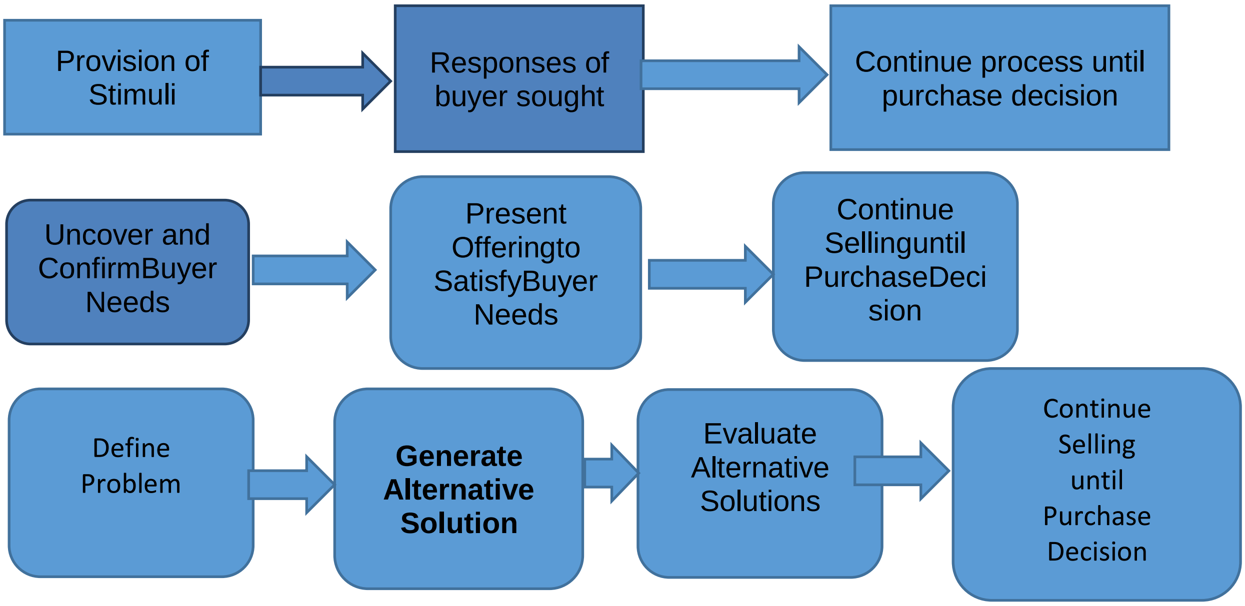
Contribution of Salespeople

- Help stimulate the economy
- help with the diffusion of innovation
- generate revenue
- provide market research and customer feedback
- become future leaders in the organization
- provide solutions to problems
- provide expertise and serve as information resources
- serve as advocates for the customer when dealing with the selling organization

Fig 2.1 Selling Process

Generating Leads falls under Pre-sale preparation. It is sort of customer research wherein the customer is told about the product and there by converting him/her to potential buyer. Prospecting the customer implies finding out about dissatisfaction, needs and thus providing solutions. This step is followed by approaching the customer.

- Stimulus Response Selling
- Mental States Selling Takes into account AIDAS approach.
- Need Satisfaction Selling
- Problem Solving Selling



Sales Presentations

Presentations are very much important to give a feel to the customer in case of product where the customer won't be able to actually experiment the touch and feel.

For example: Tour and Travel Industry

Handling Objections

Buyer might have some objections which needs to be handled very tactfully, wherein the role of sales personal is very crucial.

Closing

Finally the customer is convinced to buy the product.

Follow up:

It is one of the step which assures the buyer about his/her decision which is the right decision and takes care of entire post-sale process. Assuring the buyer about best post sale services and asserting in the next purchase through reference.

Merits of Personal Selling

- ✓ It is two way interaction with prospects.
- ✓ Sales message is customised.
- ✓ Possibility of prospects getting distracted is very less.
- ✓ Seller is equally involved in purchase decision.
- ✓ Provides all answers to the buyer queries.

Limitations of Personal Selling

- ✓ Very expensive.
- ✓ Sales force conflicts is a possibility.
- ✓ Limited exposure.
- ✓ Ethical issues

- ✓ Inconsistent sales messages.

Case let

ABC Green Space Pvt ltd is into production of waste management products. Every year they spend huge amount of funds on Research & Development so that products can be so designed which can catch attraction of customers even at individual level in the domestic category. They have recently launched a digester which can convert kitchen waste into useful manure.

1. Discuss in your own words which strategy will be most desirable to market the product.
2. What should the most desirable characteristics of the sales person required to sell the product?

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2.2 Relationship Selling

Buyers and salespersons always have some type of business or working relationship, it has always aimed at creating customer loyalty. Every type of relationship is a type of exchange.

Relationship spectrum includes:

- ➢ Transactional relationship (Selling)
- ➢ Value added relationship (counselling)
- ➢ Collaborative relationship (partnering)

Personal selling has always build relationships and helped organisation to generate sufficient revenue and thus assisted in growth of the organisations by creating satisfied customer base. Flexible mode of operations, focus on customer needs resulting in actual sales have always been significant contribution by the way of relationships selling.

Product base of managing waste is generally industrial and so relationships selling plays a crucial role in increasing sales volume. The difference between Traditional & Relationships selling is as follows:

Table 2.1 Difference between Traditional & Relationship Selling

Traditional Selling	Relationship Selling
Focuses on selling products & closing sales	Focuses on selling advice, assistance and counselling.
Sales planning is limited	Sales planning is top priority
Product is discussed.	Problem solving environment is built
Product specific needs is assessed	Scope of operations is extensive
Approach is "Lone wolf".	Team approach is followed

Building relationship is the key in dealing customers who are buying such Eco-Friendly products. Creating awareness is possible when the salesperson is learned and in a position to answer all the queries so that the customer is convinced. This technique of selling focuses more on the requirement of the customer then slowly perpetuates down to pricing and other related details.

Customer relationship management has gained importance recently stressing on the management of customer communication over a relationship continuum. It consists of designing a strategy with multi-channel relationship programs that produce both business value and customer experiences on a scale not seen in traditional marketing.

Such an approach helps the organisations to overcome the following challenges that becomes an obstacle thus inhibiting their growth:

- Media fragmentation has have had negative impact on the traditional advertising which has become more expensive and less effective.
- Direct marketing has found to merely direct wave after wave of product campaigns towards customers who are already tired.
- Proliferation of products focuses on increase in competition vying for customer attention and crowding mass and direct marketing channels.

Relationships selling can be successful if the following requirement are met

- You have to like the people you want to sell your service or product to. You need to truly enjoy their company–this isn't something you can fake.
- You must care about their problems. When you tell them how your product will solve those problems, you are helping them, not selling to them.
- You have to believe in your product or service 100%. You want your customers to trust you, so that means you have to be honest with them.
- You must be patient. Relationships take time to grow, and can't be rushed. You will make sales by building relationships, but you won't get it tomorrow.
- You need to have a plan. Building the right relationships won't happen by accident. If the idea of relationship selling appeals to you, but you don't meet the first three requirements, there's only one way to solve the problem. You need to find a different target market, or a different product to sell.

Mastering the art of relationship selling

The technique is used to sell high ticket items and products with long sale cycle so it advertently calls for using relationships building through creating a rapport with the prospective customer. All the products under this sale category where stress is given to sell such items which are industrial products have to use relationship selling. Closing such deals may take few weeks as the customer may arrive at a decision to buy the product eventually. It is imperative for the salesperson to take extra efforts to understand the needs of the customer rather than just pushing for features and benefits of the product. Few points which the sales person should keep in mind are:

- Find common ground
- Be a good listener
- Be real
- Add value
- Be honest with prospects.
- Be reliable
- Most importantly be patient as relationships build over a period of time.

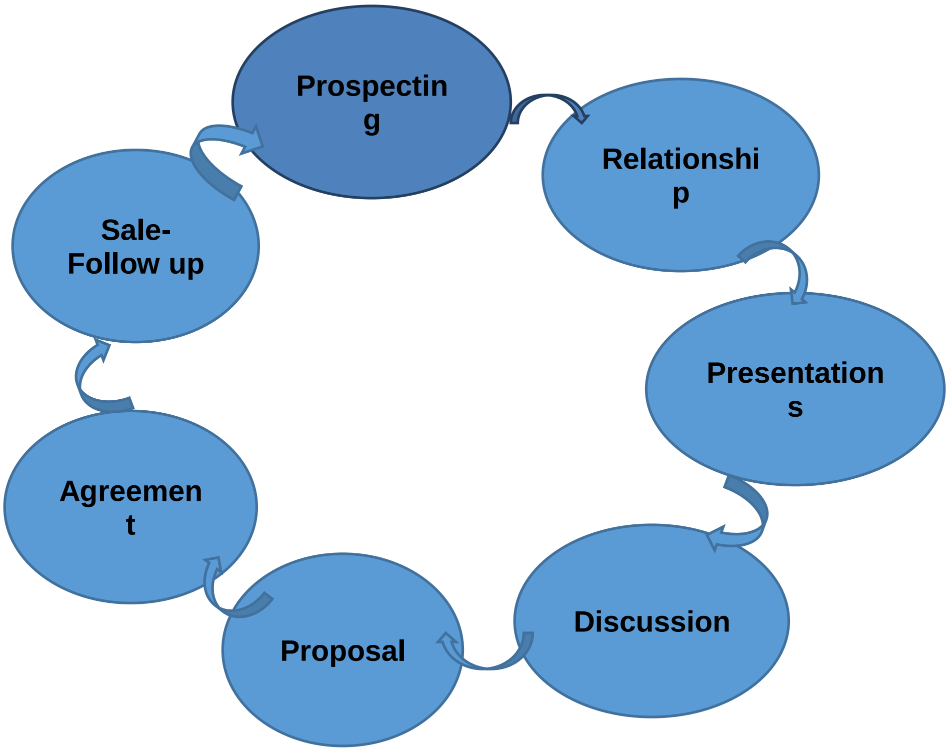


Fig 2.2 Sale Cycle of Relationship Selling

Caselet

XYZ limited is into manufacture of Electric Incinerators for burning dry waste, the energy so generated will be used for generation of electricity. The product can burn 10kg of waste and generate 20 KW of electricity.

Q. Who should be prospective customer for the company?

Q. What should be the selling strategy?

Q. What should be the qualities of the salesperson for this job?

Test your Knowledge

1. Putting the customer at the center of everything that happens both inside and outside the firm______________________________.
2. Adding value through all possible means__________________________.
3. Building and maintaining long term relationships with profitable customers. relationship selling is oriented to the long run___________________________________.
4. an organization wide customer focus that uses advanced technology to maximize the firms ability to add value to customers and develop long term relationships_______________________.

Matching questions

PART I

- **A.** requires the salesperson to spend more time developing an understanding of the buyers needs, which results in a more "front loaded" selling process.
- **B.** business in a series of discrete transactions
- **C.** consultative and enterprise selling

D. the customers long term value to the sales organization

PART II

1. Transactional Selling
2. Lifetime value of a customer
3. Relationship oriented approaches
4. Relationship selling

Multiple choice questions

1. represents the net bundle of benefits the customer derives from the product you are selling also called value

1. customer centric
2. relationship selling
3. value proposition
4. Value

2. a sales persons belief that understanding and satisfying customers, whether internal or external to the organization

1. sales management
2. customer mindset
3. customer loyalty
4. customer centric

3. moral principles and standards that guide behavior

1. Value
2. relationship oriented approaches
3. transactional selling
4. Ethics

4. the way various aspects of relationship selling are managed by the sales person's firm

1. customer mindset
2. sales management
3. value proposition
4. customer centric

True/False questions

1. sales organizations must calculate how much time, money, and other resources should be invested in a particular customer versus the anticipated return on that investment → return on customer investment

True False

2. giving your customers many reasons not to switch to competitors. your value proposition must be strong enough to move customers past mere satisfaction and into a commitment to you and your products for the long run → customer loyalty

True False

3. represents the net bundle of benefits the customer derives from the product you are selling also called value proposition → value proposition

True False

4. -instills an organization wide focus on understanding customers' requirements
-generate an understanding of the market place and disseminate that knowledge to everyone in the firm
-align system capabilities internally so that the organization responds effectively with innovative, competitively differentiated, satisfaction generating products and services → customer loyalty

True **False**

2.3 Design of Sales Territories

Meaning and Definition - Moynard and Dairs, "Sales Territory is the basic unit of salesplanning and sales control."

Philip Kotler, "By Sales Territory is meant by the geographical area assigned to a salesmanfor his selling activities."

Cundiff & Still, "A Sales Territory is a geographical area containing present and potentialcustomers who can be effectively and economically served by a single salesman, branch, dealeror distributor."

Why are sales territories required?

- Helps in sound planning for different territories as per the needs and requirements of individual territory.
- Preparing and implementing marketing plans for different territories.
- Effective implementation of marketing programme will help increase the market share.
- To avoid the repetition of marketing efforts in an area.
- Preparing marketing policies and strategies depending upon the circumstances of the enterprise;
- Controlling the selling expenditure,
- Motivating the salesmen
- Evaluating the performance of selling force-
- Control the activities of selling force effectively
- Providing best services to the customers
- Increasing sales and also the profit.
- Launching special advertising campaign in a particular territory.

Units of Territories

1. States
2. Countries
3. Cities
4. ZIP code areas

5. MSA(Metropolitan Statistical Areas)

Factors affecting design of Sales Territory:

1.Size of Business —this is very crucial factor that affects the establishment of thesales territory. Large Scale productions require a bigger sales force along with a large number of sales territories at smaller size.

2.Potential Volume of Sales—Area of the territory must be assessed to identify the volume of the sale so that adequate sales opportunity can be grabbed.

3.Level of Competition in a sales Territory— Competition exists everywhere and directly affects the size of territory. Due to cut-throat competition, the sales call frequency should be increased and thesize of the sales territory should accordingly be reduced.

4.Demand for the Product— when there is a little demand for the product, more time is required to sell the product. Large territory is required is such cases to increase exposure to more customers.

5.Ability of the Salesman — Based on the efficiency of the salesman, allocation of territoriesshould be done. Larger territories should be assigned to smartest one. Newly appointed or trained one should be given a smaller area.

6.Methods of Distribution — how the product is distributed also affects the size of territory**.** Territory size will be large if the product is sold through whole sellers and the number of buyers is limited. The size of the territory is small if the product is directly sold to the customers.

7.Density of Population —densely populated areas have smaller territories than the sparsely populated ones.

8.The sale's Policy—organisation must have a comprehensive sales policy depending on its distribution coverage. If the product has to be distributed nationally larger territory is needed and distribution covering local area smaller territory is required.

9.Economic Conditions—Very crucial to determine the volume of sales. If the economic condition is favourable, smaller territory can be assigned. Adverse economic condition calls for larger territories.

10.Means of Advertisement and sales Promotion—if the marketing strategies are well defined creating more demand for the product so thus requiring small territory.

11.Transport facilities—Infrastructure facilities are driving good sales, transport mechanism helps in expanding trade thus requiring small territory.

12.Cost of Sales Territory—there is always a standard ratio of costs to net sales. Accordingly the adjustments are made.

For Example

The advantages of sales territories from the point of view o f -Enterprise, customers,salesmen-

(I) Advantages to the Enterprise —

1. Sales Representatives are responsible entities for all activities related to selling.
2. Competition of each territory may be faced effectively.
3. Different marketing policies, strategies and programmes may be prepared for different territories tosuit the individual needs and requirements.
4. Different advertising and sales promotion methods may be adopted for different territories to suitparticular requirements.
5. Different marketing researches may be conducted for different territories.
6. Sales representatives can control all the activities of all the salesmen working in a particular territory.

7. Selling overheads may be minimised.
8. Salesmen of different territories may be motivated in different manner.
9. Market potentiality of each sales territory can be more effectively and fully tapped.
10. It provides incentive to sales man to increase, sale in his territory.
11.It also helps in market research as the information is gathered in change of taste and fashion.
12. It becomes easier to equalise the workload of each salesman.
13. Duplication and over lapping of work of salesman are avoided and therefore the selling expenses areconsiderably reduced.
14. The sales of the selling house are significantly increased.
15. Profit gains can be traced.
16. The sales manager may plan proper and efficient routing of salesmen.

(II) Advantages to the Customers—

1. Effective after-sale services to the customers of the territory.
2. Problems of the customers can be solved thus helps in building trust. Grievances redressal can get streamlined.
3. Customers feels valued due to direct contact with the salesperson. They are able to share their views openly.
4. Services can be regularised within the territory.
5. Customers get personal attention.
6. Production Planning can be done.

(III) Advantages to the Salesmen—

1. Delegation of work is proportionate, so workload is evenly distributed.
2. It helps to build relationships thus assists in selling as good rapport is created helping in increased sales volume.
3. It helps the salesperson to work more efficiently and skillfull.

Method of Territory Design:

1. Build up Method
2. Breakdown Method

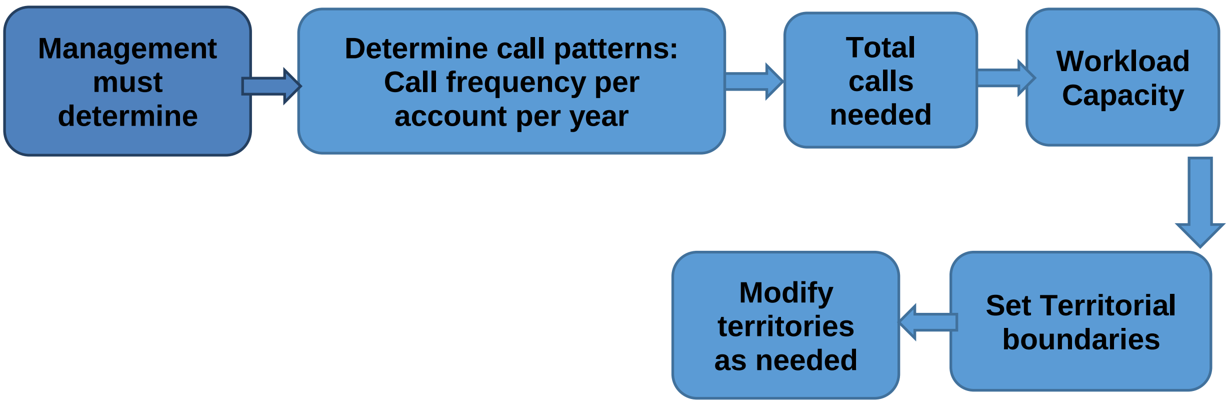
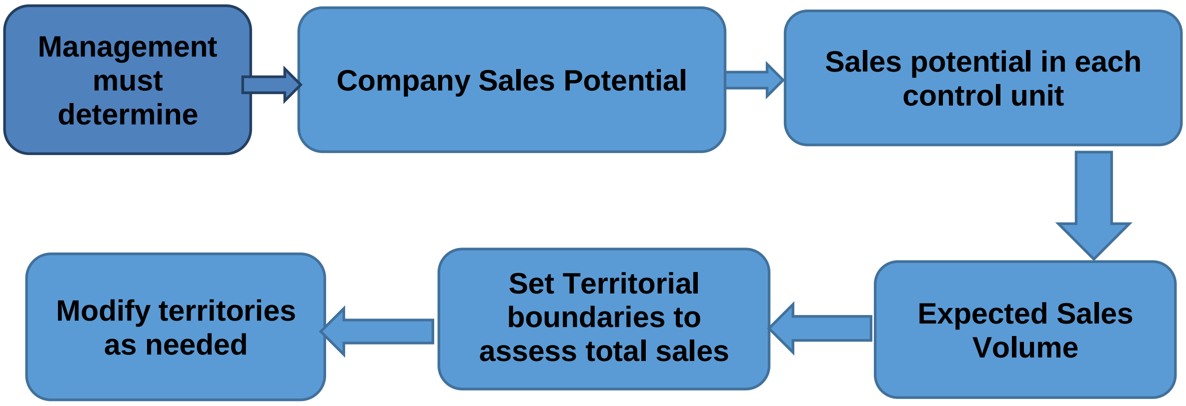


Fig 2.3 Build-up Method

This method is dependent on the calls made by the salesperson, the territory big or small is designed and assigned based on the capacity. The number of calls and the frequency of calls will go a long way in determining the capacity of work and also helps in generating leads. Based on the entire phenomenon the territorial boundaries are set and modified as required. Such a design varies from sector to sector. For industrial products on managing waste call frequency will be much higher and hence large territories will be required. There are few companies manufacturing such products so the competition may be less but demand for quality product will be more.

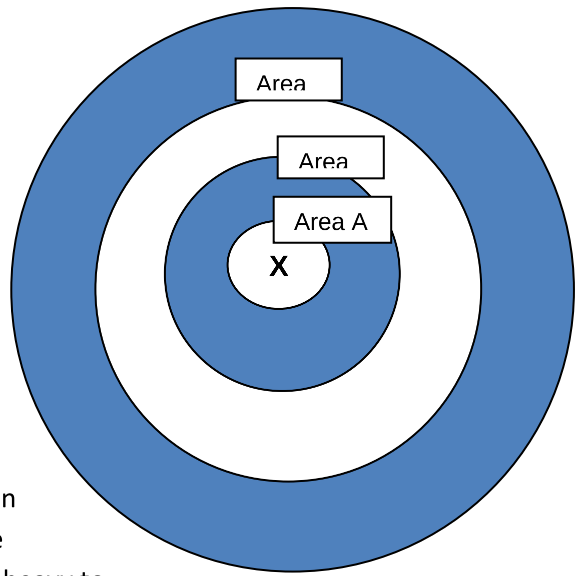
Breakdown Method



This method works otherwise giving more impetus on the sales potential of the organisation hence sale is thoroughly monitored and the territory is modified accordingly.

Routing

- Routing is the managerial activity that establishes a formal pattern for sales representative to follow as they go through their territories.
- Reduces travel expenses as it ensures a more territory coverage.
- Best for routine sales with regular call frequencies



It helps to find solution to the said problem and thus helps
In increasing sales volumes.
Target areas would be places with high density of population
And also with low infrastructural facilities it becomes all the
More difficult as these are industrial products and could be heavy to
Transport as also provision of electricity also will play crucial role as most of the machinery works on electricity. Highly efficient products with less fuel consumptions will be in demand. The sales person should have good knowledge of surrounding situation so that he/she is able to answer all the queries. He/she should have sound knowledge of the thought process of the customer so as to mould them to desirable outcome. Sales volume can be increased if the territories are modified frequently to avoid saturation and achieve targets. Young sales persons are full of energy and so their energies must be channelized effectively under the guidance of experienced salesperson so that performance can be recorded. Creating awareness through constant training is advisable to keep up with the latest trend. Continuous research as to how waste management is carried out in

other parts of the world will help in near future and also assist in designing our own policies and implement them effectively.

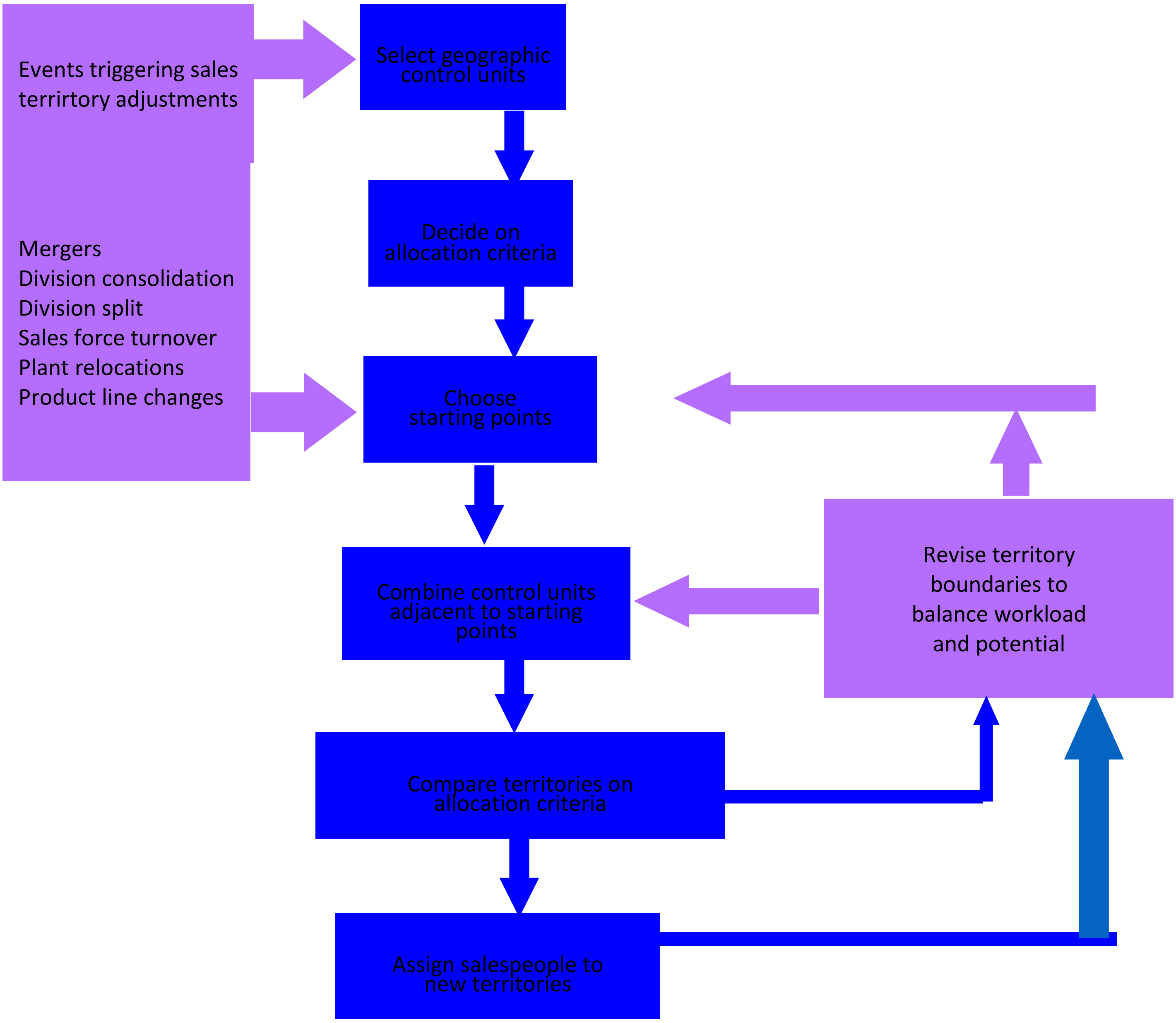


Fig 2.4 Process of Designing Territories

2.4. Sales Quotas

Meaning and Definition - Philip Kotler, "By sales quota is meant a part of sales goals which has been assigned to a particular salesman or territory."

Cundiff and still, "A quota is a quantitatively expressed goal assigned to a specific marketing unit such as to a salesman or territory."

Paul H. Hystrom, "A sales quota is that part or share of a company's total estimatedsales assigned to a salesman, a territory, a branch house, a distributor or dealer, or to some selling unit, as a goal to be attained in a designated future period of time."

Sales Quotas are assigned to achieve the following:

- determining quantitative standards of the performance of sales;
- determining individual targets for the salesman;
- motivating the salesmen to achieve their individual targets;
- organizing sales competitions;
- establishing effective co-ordination between production and sales;
- finding out the sales territories in which the product has poor performance;
- finding out sales territories in which the product has more demand,
- establishing budgetary control over sales;
- determining the remuneration of salesmen;

Factors which determine sales quotas

- ✓ **Study of Past sales**—If the same products are manufactured the past records will help understand past sales which will help in projecting future sales where the adjustments of changing variables is necessary.
- ✓ **Purchasing power of the Customers** —it is very important to understand the purchasing power of the customer before assigning sales quota to a salesperson. For eg: In a sparsely populated area with a very good levels of air quality and zero waste management principles, it will be difficult to sell scrubbers to an industrial belt nearby.
- ✓ **Market potentialities** —there are few factors which will decide the quota which are customer oriented as also depend on policies of the government. Customers are also affected by climatic conditions prevailing at that place.
- ✓ **Production Capacity of the Enterprise** —it is very important to assign sales quota as per the demand of the market and the capacity of the production to avoid situation of shortage.
- ✓ **Product Development** — some companies resort to strategy of continuous product development hence determination of sales quota is also affected by the policy of the enterprise towards product development. If the enterprise is following the product development programme on a wide scale, the salesquota should be increased to that extent.
- ✓ **Standard of Living of the Consumers** —Spending capacity of the customers plays a significant role which is reflected by the standard of living of the people so that higher / lower sales quotas can be assigned.
- ✓ **Sales forecasting**—Sales forecasting i.e., future prospects of sales also affect the determination of sales quota. Depending on the market research and the prediction thereof the sales quotas can be assigned.
- ✓ **Sales Policies** — the sales policies decisions will directly affect the allocation of sales quotas.
- ✓ **Government policy**—Sales volume quotas are fixed on—(i) geographical area basis, (ii) product basis, or (iii) Marketing channel basis.

Generally this system of setting sales quota is more easy and effective in case of smallselling units.

Table 2.2 Types of Quotas

Sales Quotas

Profit Quota | Activity Quota | Sales Volume Quota | Combination Quota

Volume-Based Sales Quota	(Most Common) Small businesses that want to focus on topline revenue growth.
Profit-Based Sales Quota	Businesses serving multiple market segments with a wide range of product or service offerings.
Activity-Based Sales Quota	Businesses with multiple consumer touch points, long sales cycles, and indirect sales roles.
Cost-Based Sales Quota	(Least Common) Businesses that want to explicitly focus on controlling expenses.

Sales Volumes Quotas are again divided into:
Territorial estimates: Sales potential is dependent on territory, how it is distributed and other factors such as market conditions, price, product and personal dedication of the salesperson.
Total Market Estimates: Information on actual sales and purchasing power index are taken into consideration.
Past Sales Experience: Based on the sales volumes of the past an arbitrary amount can be increased or average sales volume can be used.
Sales Manager Judgement Alone: experience of salesperson can be guiding force to decide the sales quota.
Compensation Plan: quotas are tailored exclusively to fit the compensation plan.
Sales Personnel Themselves: based on the capacity of the salesperson he/she is entrusted to decide on sales quota and perform accordingly. Realistic, fair and attainable.
Cost Based Quotas are again divided into: Sales Expenses & Gross Margin or Net Profit Quotas are the two components under this quota. Variety of expenses is taken into consideration along with low and high margins on the products being sold.
Activity Quotas: The quotas are set depending upon number of activities conducted to successfully sell the product.
Combines quotas: It is the combination of all the quotas as depending on what is being sold the quota is finalised. The areas, customers, presentations and demonstrations along with description of features etc.

Advantages of Determination of Sales Quotas

1. Advantages for the Manufacturers or Producers —

- ✓ Total sales targets are easily set.

- ✓ The process of planning for advertisement and sales promotion becomes easy.
- ✓ Separate marketing policies can be made which helps to achieve quota.
- ✓ Activities of salespersons can be controlled.
- ✓ Performance of individual salespersons can be evaluated.
- ✓ Helps to establish effective coordination between production & sales.
- ✓ Helps to motivate the salesperson to achieve targets.

(2) Advantages for Salesmen or Dealers or Distributors —

- ✓ It establishes a target before them.
- ✓ It encourages them to achieve this target.
- ✓ It offers them more remuneration.
- ✓ It provides them the opportunity to evaluate their ability and efficiency.

Disadvantages or Demerits or Limitations of Sales Quota System

- ✓ Most of the sales quotas are based on arbitrary estimates and past experience. They prove misleading on several occasions.
- ✓ If the salesmen feel that the sales quotas for them have been fixed in the ivory tower by person at the head office, absolutely unaware of the salesmen's problems, the motivating aspect of sales quotas would be lost.
- ✓ Setting sales quota requires a statistical technique which is not easy to explain to or not to understand the sales force.
- ✓ Sales quotas encourage high pressure selling which causes frustration to salesman.
- ✓ If the product is in short supply, it is useless to determine the sales quota because the product is automatically sold.
- ✓ The interest of the salesman is lost if the sales quota is too low.
- ✓ Some executives oppose sales quotas on the ground that too much emphasis is laid on making sales while other fields remain untouched.
- ✓ Some executives feel that determining of sales quota is an expensive device and a wastage of time and money.

Things to do

1. Sales force structure in which a sales representatives works to sell specific items of product line is classified as

A. indirect sales force structure
B. territorial sales force structure
C. customer sales force structure
D. product sales force structure

2. Type of sales person who work from their offices through internet or telephone are classified as

A. channel intermediaries
B. nominal sales force
C. inside sales force
D. outside sales forceAnswer

3. Standard amount that must be sold by salesperson of company's total product is classified as

A. sales contest
B. expense quota
C. production quota

D. sales quota

4. Kind of sales people who travel to call all customers in field is classified as

A. inside sales force
B. outside sales force
C. channel intermediaries
D. nominal sales force

5. Sales force structure in which salespeople are designated to sell company's product to certain industries or customers is classified as

A. customer sales force structure
B. product sales force structure
C. indirect sales force structure
D. territorial sales force structure

Structure of Sales Organisation

Sales organisation consists of people who work together for effective marketing of the products either manufactured or purchased for resale. They coordinate among each other to achieve the desirable results. The provision of an efficient, economic and flexible administrative set up is its primary responsibility. This ensures timely movement of goods and provides satisfactory job to buyers and also the sellers. Marketing of products in waste management category in itself is a task. Hence the role of sales organisation is crucial.

Sales organisation carry out following functions:

(i) Study trends in distribution.
(ii) Carry out Market Research.
(iii) Policy development.
(iv) Sales methods are investigated.

- plan sales and review it from time to time.
- allocate territories to different sales personnel.
- fix quotas for different sales personnel.
- review sales reports and make future planning accordingly.
- finalize routing and scheduling of calls.
- supervise the activities of the sales personnel.
- chart out the product and control the office.
- conduct conferences, seminars and meetings.
- prepare sales manual.
- evaluate sales performance and prepare reports accordingly.
- prepare accounts of sales.

(v) Various operations are analysed.
(vi) Plans and programmes are created.

- Price;
- colour, style and design of products;
- Packaging, designing and development;
- Srandardisation andgrading;
- New product designing and development;
- Ware-housing and transportation,

- Compettive selling;
- Selection of distribution channels;
- Servicing.

(vii) Design sales promotion and advertisement.

- Sales promotion programmes like — Organising exhibitions and fairs, issuing catalogues and brochures, motion pictures, displays and demonstrations, contest, price reduction, prize distribution, premiums or coupons, window displays, credit policy, market research and after sales services.
- Advertising —Advertising budget, advertising copy, advertising media and selection.

(viii) Sales Force recruitment, selection, training and remuneration.

- recruit and select the sales personnel.
- train the sales personnel as per need of the organization.
- remunerate the sales personnel so as to encourage them for more work.
- motivate them and enhance their morale.
- provide amenities and welfare facilities to the employees.
- transfer, promote, demote, terminate and retire the sales personnel.

(ix) Control of sales.

- forecast sales.
- prepare sales budget and control accordingly.
- control selling expenses.
- receive reports and act accordingly.
- maintain statistical information and sales records.
- control an over all cost of sales department.

Types of Sales Organisation

Line Type **Functional Type** **Line & Staff Type** **Committee Type**

`Sales Organisation' is very vital part of the general business organisation of the firm. All the functions related to sales are carefully planned in a systematic way and coordinated further.Apart from a strong administrative set up, timely movement of goods from warehouses is also taken care of.

1. Line Type of Sales Organisation

Prof. James L. Lundy, "Line organisation is characterised by directlines of efforts flowing from top to the bottom of the organisational hierarchy and lines of responsibilityflowing in an opposite but equal direct manner."

Louis A. Allen, "Line organisation is the chain of command that extends from the Board of Directors through thevarious delegations and re-delegations of authority and responsibility to the point where the primary activities of thecompany are performed."

Prof. Raymond Diller, "Line Organisation is one in which the superiors have full authority over theirsubordinated subjects only to the terms of the contract that bind the employees to the organisation."

Prof. R. C. Davis, "The line organisation is the hierarchy of executives and operating personnel which extends from theexecutive head of the entire organisation to the groups of primary operation."

Characteristics of Line Organisation

- Linear relations exists between orders and orders flow from top to bottom.
- Communication takes place in a systematic manner between all the employees of organisation which is serially arranged.
- Subordinates are controlled by senior officer.
- Every Subordinate has to be directly liable to his immediate officer.
- Every senior officer has limited number of subordinates under the control.

Merits of Line Organisation

- **Simplicity** —it is the simplest and oldest form of organisation. Rights, duties and responsibilities are very clearly stated and so there exists very little scope for confusion. So there is no misunderstanding.
- **Determination** of Responsibility— responsibilities are differentiated and so the performance can be recorded easily.
- **Flexibility**—senior officer is authorised to take decisions and hence it helps in quick implementation leading to action. Due to authorities position he /she himself feels more responsible and is able to control the process.
- **Quick Decisions —**Centralised mechanism helps in quick decision making.
- **Easy to control** —this form of organisation is easy to control and very efficient.
- **Effective Co-ordination—**one officer is responsible for all activities and so the coordination activities are smooth and which affects the performance in positive way.
- **Proper Discipline —** Unity of command, effective control and co-ordination develops the feeling ofdiscipline among all the employees and officers of the enterprise.
- **Economy**—very economical due to less expenses on experts.

Demerits of Line Organization

- **Over Burden upon Top Executives —** Due to single head, the workload is too much and very often overburdened with administrative work.
- **Autocratic leadership —**there is possibility of autocratic behaviour due to responsibilities and power given to practice.
- **Lack of Initiative at lower level** —subordinates are not empowered to take any decision and so they are demotivated and hence do not take initiative and are low in morale.
- **Lack of Specialisation—**there is no expertise and hence people role is multitaskers and multifunctioning.
- **Over Dependence on Top Executives** — in this form of organisation, the success of an enterprise entirely depends upon the efficiency of its top executives. Since it is dependent on only one person, the loss of such a person affects the working of entire organisation.
- **Inflexibility**—not at all flexible and hence very little scope of expansion of business due to limited capabilities.
- **Lack of the Spirit of Co-operation and Groupism—**leads to feeling of insecurity as the subordinates have to just obey the orders. Due to such feelings there is no cooperation and groupism.
- **Suitability of Line Organization-** Line organization is suitable only in the following conditions:
    - Small enterprise.
    - Limited employees.
    - Division of work exists.

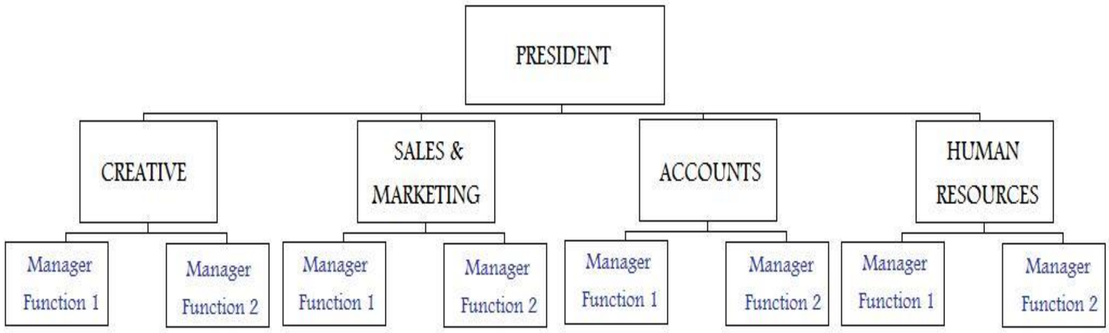
- Simple work.
- Less activities.
- Experienced top executives.

1. Functional Type of Sales Organization

Functional organisation was introduced by E W Taylor to overcome the drawbacks of line organisation. Taylor emphasized upon ten qualities of an employee so that he may discharge his duties properly.

These qualities were as under : (i) Brain; (ii) Education-, (iii) Special or technical knowledge; (iv) Manual strength; (v) Tact; (vi) Energy; (vii) Grip; (viii) Honesty; (ix) Judgement power; and (x) Good health. In this form of organisation, the authority flows from top to bottom. Under this form, a worker gets orders andinstructions from different bosses. Every boss gives the orders to him related to his specialized functions.

An illustration of functional types of Sales Organisation is presented in the following chart:



Characteristics of Functional Type of Sales Organization -

- ✓ Principle of specialisation is followed.
- ✓ Very good division of labour.
- ✓ Experts have direct contact with the workers, giving them feeling of security.
- ✓ Employees are responsible to their experts.
- ✓ A salesman gets orders and instructions from many different experts at a time.

Merits of Functional Type of Sales Organisation -

- ✓ Due to expertise, the efficiency is immediately reflected.
- ✓ Large scale production possible.
- ✓ Great deal of time is spent on research & development.
- ✓ Importance is given as per the skills and so it affects the performance.
- ✓ Remuneration is paid as per the calibre.
- ✓ Division of labour helps in achieving the target.
- ✓ No burecracy so good scope for expression of thoughts.
- ✓ Very flexible.

Demerits of Functional types of Sales Organisation -

- ➢ Discipline is not maintained.
- ➢ Very less coordination.
- ➢ Responsibilities are not defined.
- ➢ Very difficult to take orders from different bosses at one time.
- ➢ Duties cannot be discharged properly.
- ➢ Very uneconomical due to many heads.

- Leads to unhealthy competition.

Basis of Structure of Sales Organisation-1. Function, 2. Region, 3. Product, 4. Customer, 5. Combined.

Factors Determining the Structure-

1. Nature of the Product 2. Price of the Product,
3. Nature of the Market 4. Size of the Enterprise
5. Executive Competence 6. Sales Policies
7. Distribution System 8. Financial Requirements
9. Number of products 10. Extend of competition.

Need and Importance Organisation—

(i) Increases managerial efficiency (ii) Increases profitability
(iii) Encourages specialization (iv) Yields economies of large scale production
(v) Creates demand pattern for products (vi) Better co-ordination and control
(vii) Plans the purchases (viii) Reduces risk element of the enterprise
(ix) Handles the task of personnel management (x) Other advantages.

Functions of Sales Organisation—(i) Personnel or staff functions, (ii) Sales control functions, (iii) Sales direction functions, (iv) Product development functions, (v) Sales promotion and advertising functions, (vi) Co-ordination functions.

Principles ofSales Organisation-

1. Principle of Objective 2. Principle of specialisation
3. Principle of Authority 4. Principle of Responsibility
5. Principle of Assignment of work 6. Principle of Exception
7. Principle of Span of Control 8. Principle of co-ordination
9. Principle of unity of command 10. Principle of Unity of Direction
11. Principle of Flexibility 12. Principle of Continuity
13. Scalar Principle 14. Principle of Leadership 15. Principle of Simplicity.

Model Questions:

1. Differentiate between Line and functional organisation.
2. What is sales quota and what is its significance?
3. What are the factors affecting the determination of sales organisation?
4. How are the structures in sales organisation important?
5. How are the sales territories designed?
6. “It is not good to have too many bosses” comment.
7. What is the difference between traditional & Relationship selling?
8. Define the process and steps in selling.
9. Why it has become so important to follow the concept of relationship selling?
10. “Relationship selling helps in increasing sales”. Justify.

Things to do:

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Students are required to study the entire case study and answer the following questions:

1. How is it important for a food industry to follow the concept of relationship selling?
2. As a student of Waste Management, what are the prospects you can see in terms of waste management industry?
3. How can you relate your understanding of process of selling to the above case?

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Chapter 3
Sales Force and Distribution Management

Sales management decided the direction of sales force personnel. It has a noteworthy position in present marketing situation. It includes managing all related marketing activities like advertising, product promotion, sales research, promotion, product distribution, and merchandising. Sales management is a combination of activities of planning, directing, controlling human resources, product selling activities, recruiting sales staff, selection of right data base, assigning job functions, training of staff, assigning job roles, payrolls of staff and keeping them motivated. All the mentioned tasks are applied to sales force management.

Structure

a. Sales force management
b. Recruitment and selection of sales force
c. Training and motivating the sales force.
d. Compensating the sales force
e. Controlling the sales force

3.1 Introduction to Sales force Management (SFM)

Sales force management broadly can be defines as a socio scientific process, involving efforts of members of a group, in the achievement of common organisational goals and objectives, which are defines and well Written as well. This coordination is maintained with a system of authority where a clear prominence is on maintaining synchronisation and not the struggles. Sales force management differs from other field of management in various aspects. First, in terms of the operations of business organisation, involved in selling process which is not a function to be handled in seclusion. Today business is more of society oriented mainly focusing on aspects of social benefits involving human welfares. SFM, thus has evolved with the changing marketing trends and with the changes taking place in various businesses and its growing demands. Hence it has to work in a new environment which is co-existing parallel with traditional lines.

Objectives of Sales Force

The old school idea for companies and the specific objective was to "sell, Sell, and Sell" and expected their sales force to achieve the sales targets. Now, focus is that the sales person should understand or synthesise the problems of customer and should come up with a solution. Sales force plays an important role and they work with certain objectives. These are:

- To continuously maintain contact with professional relationship with existing and new customers.

- To continues keep a track of potential customers.
- To form, keep and maintain their customers and relation with them in terms of their needs, wants and to follow a continual reporting system to their seniors and heads.
- To have a track on the distribution channel for the supply of orders and help in delivering goods and services to all the members involved in the process.
- To achieve their sales targets and maintain it while following the policy of sales, credits and selling strategies as set by the company.
- To keep track of competitors products and companies and their offerings and their

process of selling and promotion.
- To prepare, maintain and send reports weekly, monthly, quarterly and yearly.
- To participate and coordinate sales program as when arranged by company and product manufacturers.

Objectives of Sales Force Management

The main objective of sales force management is to the performance of sales person and their ability to achieve the targets. The performance however, is evaluated for many purposes:

- To know the need of counselling, product training for individual or the entire sales force.
- To circulate the information for Human resource planning.
- To decide on the methods for selection and recruitment process.
- To communicate expectations out of sales persons.
- To plan to keep them motivated.
- To plan to help sales person decide on their professional growth.
- To train them to improve on their selling performance.
- To plan to ensure compensations and rewards.

- To ensure promotions within and from the team of sales force.
- To decide on low performances and to provide on check measures.

Benefits of Sales Activities

Sales force management is sum of activities which has many benefits, which are as follows:

Benefits of sales activities to Society: The few mandates for any nation are economic growth and higher rate of employment. A nation able to achieve this creates jobs and income for nation labour force. With a continual increase in youth population, the number of job wanting people is increasing and so number of people in need of jobs. Some jobs are always laid off, due to invasion of new technologies like computer software automation of systems. Benefits of sales activities to society are:

- To provide assured delivery of goods & services on desired price.
- To ensure supply of products which has potential for damaging the environment to minimal
- To maintain societal and to have holistic approach toward selling process.
- To maintain the interests, in harmony to the firm in order to experiences Sales Volume, Net Profits and Business Growth.

Benefits of Sales Activities to Consumers:

Sales persons get complete training of product which is said as product knowledge to make their clients and customers aware of the benefits, usage, limitations, and features of importance. This helps customer in buying decision. By knowing the product well, salesperson serves their customer well and is able to convince them to make a purchase.

:ample 1: An insurance agent knows all the facts, features, procedures, limitations, with which a client can compare it, analyse risk and hazards attach with the investment, helping them in selecting the right option. Sales engineers are qualified analysing the technical issues attached with respective products, may be challenging a particular organisation, in order to give them appropriate and efficient operations.

Example 2: Quoting for another profession of medical representative, who helps busy Doctors updating them with drugs available and new launched in medical market. They update Doctors with new technology have come in medical field.

Benefits of Sales Activities to Business Firms

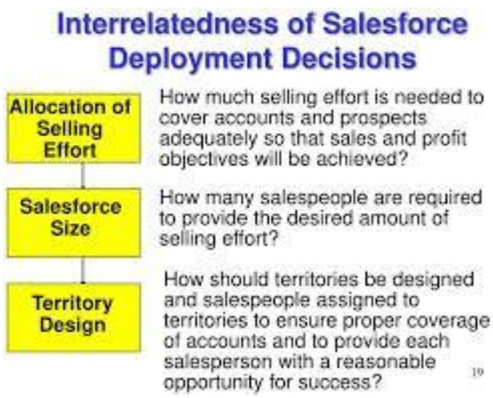
Any business firms get ROI only when its revenue exceeds its costs. Sales person, here play a role by selling the products to earn profits to company. A creative sales person makes its efforts and sales plan to penetrate company and its product to a target market, and adopt the means to reach the customer segmentation. By doing all these activities, they achieve their sales target and hence, earns profits to company or a manufacturing firm.

Besides, helping in selling products, earning profits, a salesperson is also involved in many other activities. It helps a company updated with competition in the market and keeps company ahead of others. Sales persons provide important information, on changing trends, new competitive products, and serve as field intelligent agent. A regular sale is required to sustain in market. To gain customer loyalty, sales person wins the customers confidence by serving them well in a professional way. They provide customer with product information, demonstration of product function, and training to customers on product usage, repeated services and assists as sales inventories.

Decisions of Sales Force Management

Firms to sustain in market has to adopt an aggressive attitude with a team of well trained professional sales force. Market needs a sales person who is keen and attentive to market fluctuations, and up and downs. The major task in management is of Effective management of sales management. For this some decisions are required to be continuously made and it is necessary to keep margins of flexibility in it. These decision are:

- Objectives establishment for sales force
- Size of sales force
- Selection of recruitment of sales force
- Training of sales force
- Compensation decision
- Supervision and reporting
- Keeping sales force motivation
- Monitoring and evaluating sales force



Elements of Sales Management

Sales force Management Elements can be understood under three steps as:

- Planning: For a successful marketing plan, an effective market research and perfect planning for the purpose of execution is required. While making plan facts must be verified with some flexibility and should be evaluated at every step. The details of the plan must be discussed with all departmental heads concerned and involved who are part of plan execution.
- Coordination: Coordination in a management process, is a universal aspect and infuses almost all functions of management. A poor planning, poor execution and no monitoring may lead to failing of organisation. Organising begins with coordination between interdepartmental and intra departmental. It helps in achieving zero error management system with the full or maximum utilisation of human resources. This is done by the implications of perfect leadership, regular motivation and monitoring and re implementing the plan with changes dependent on feedback. This process suits all sot of organisations including sales force management.

Controlling: Control system has some major goals which is as follows:

- To prepare forecast for sales and market
- To plan on sales budget
- To plan for sales quota for each sales man
- To plan for distribution channel, direct and review the same
- To plan for an efficient sales force.
- To build a system of reporting for sales persons

- To build a system of statistical sales credit
- To maintain a control system for stock
- To organise and monitor sales report review
- To establish a system of periodic testing program.

Key Words

Compensation: It is monetary and non-monetary benefits provided to sales force against some parameters of task done.

Motivation: The reason person works at a particular job. A continuous process of self-moral boost to complete the task.

PLC: Product life cycle is the complete cycle to for any product from the stage of its introduction to decline.

Sales Force: A nomenclature used for persons performing the job of selling goods.

Sales Bulletin: A method to keep sales persons informed for day to day movement in a=sales activities.

Model Questions

- ❖ What do you understand by sales person and sales force?
- ❖ What are the objectives of sales organisation?
- ❖ Write job requirements of a salesman.

Recruitment and Selection of Sales Force

The plan for sales is implementation with a work force required to perform the task, which is further required to be selected and recruited through a process. The plan focuses on “doing right”. It has three major tasks which is salesforce selection and recruitment, Training of sales force and third is keeping them motivated and managing and deciding their compensation.

Recruitment and Selection

It is one of the most vital task, to make the right team of sales force persons, in an organisation. The practice of Selection and Recruitment differ for each organisation as per their needs. Therefore, recruitment and selection process has to be carefully designed.

Definition by Edwin B. Flippo is “the process of searching for prospective employees and stimulating them to apply for jobs in the organisation”. Another definition for Recruitment could be as “a process to discover the sources of manpower to meet the requirement of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective selection of an efficient workforce”.

Objectives of Recruitment

The objective of recruitment are:

- ✓ To search people with multi-dimensional skills to match with organisational needs.
- ✓ To induct to lead the company
- ✓ To keep all levels of employees motivated
- ✓ To develop an organisational culture
- ✓ To head hunt people with skills to meet organisational needs

- ✓ To search talent globally
- ✓ To design payrolls as per skills

3.2 Recruitment process

The process of recruitment involves many steps as mentioned:

Planning: At this step a comprehensive job specification and description for the vacant position are written and announced through various means of publication on print or electronic media.

Strategy Development: After the process of planning, next step is to formulate a method of recruiting as per the organisational needs and policies. This may include, internal job enrichment and enhancement with training or hiring using external agency. Further decision at this process are, deciding on geographical boundaries, and set of skills require in specific.

Searching: In this step, job seekers are searched. This can be done using two means. First, using internal sources, second using external sources.

a) Internal sources: These are getting references for existing employees. Benefits of doing this is, employees are

b) motivated,

c) saves on revenue on job announcements, stability of employee is ensured, and trade unions can be satisfied and controlled.

d) External Sources: These are outside organizations serves to supply data for man power selection with some fees in exchange. Benefits of using external source is getting diverse data from varied regions, getting mix of skills and talents and profile with multi-tasking skills, to get compensation negotiation options, and to receive candidates with latest knowledge and skills. External sources are : Campus Recruitment ii)Private Employment Agencies iii) Public employment exchanges iv) Data Banks v)Trade Unions

Screening: It is method of selecting the right candidate from many applications as received through the process of interview. Interview is designed with the proper specifications of job profile.

Evaluation and Control: This is step where, the entire process of recruitment is scrutinised to maintain the cost (salary of recruiters+ admin expenses+ job announcement expenses+ cost of outsourcing agency + unseen expenses) involved on the entire process.

While adopting recruitment process, some factors are required to be taken onto consideration as:

- ✓ Government policies
- ✓ Policies of competing organisations
- ✓ Organisational policies
- ✓ Recruitment sources and needs
- ✓ Recruitment cost
- ✓ Selection Criteria

Morden Sources of Recruitment

In modern trends, number of sources are used to by the corporates and firms in addition to traditional sources. These are:

Employee Referrals: Organisation ask for referrals from the current employees as they are well aware of the qualifications, experience and skills required by the respective company to perform a job. Employees are also aware of culture of the organisation, hence, can suggest the right candidate. This source reduces the cost and time of recruitment and enhances effective of the process.

Walk-In: Organisation doesn't have the time to follow the entire process of recruitment, calls for walk-in interviews. This saves on their time to the process of recruitment. The suitable candidates from interviewees will be selected for appointment after the process of screening the candidate through tests and some necessary rounds of interview.

Consult-In: Few organisations, prefer to potential candidate to approach them and consult them regarding the jobs. This is adopted when the company and less of operating time available with them.

Head Hunting: In the search of high potential candidates, the process of head hunting is adopted. This is particularly done for senior level of positons. Head hunter are also called search consultants.

Body Shopping: Usually Hi-Tech training institutes develop the pool of human resources for regular and future demand of employees. Employers having the demand for talent search, contact these institutes and pick the best resource fit to handle their job roles. These institutes and are called body Shoppers. The activities involved in this are called body shopping.

Mergers and Acquisition: Mergers, acquisitions and takeovers are the business alliances which helps in arranging human resources. Companies also hire human resources on ad-hoc basis from other organisation under this concept.

E-Recruitment: The revolution in technology and telecommunications has helped the organisations to use internet as a source of recruitment. Job announcements are done on web worldwide and job seekers can apply online as well. This provide low cost of recruitment, time reduction, increases selection ratio, and hiring strategies can be concentrated upon.

Selection Process

It is the process of selecting the most suitable candidate from the pool of qualified candidates. It a system to check if the candidate's specifications are matched with the companies required for respective position. Steps in scientific selection process are:

(i)Job Analysis (ii) Application form (iv) Written examination (v) Preliminary Interview (vi) Business Games (vii) Tests (viii) Final Interview (ix) Medical Examination (x) Reference Checks (xi) Line Manager Decision (xii) Employment.

Job Analysis: It is the basis of selecting the right candidate. Organisation do the job analysis to know the job requirements, specifications, and writes the job descriptions, before proceeding to the next step of selection.

Human Resource Plan: This includes the planning for the right number of candidates required to perform a particular job function.

Recruitment: It is the process of searching for right employees and stimulating them to apply for jobs in any oragnisation.

Business Games: these are widely used for selection process, for selecting managers, trainees, executive and managerial level personnel at junior, middle and top management. Types of Business Games are: Case Study, Role play, In-basket method, Sensitivity, and Simulations.

Test: Psychological test play a vital role in employee selection. Types of test are: Aptitude test, Achievement Test, Situation Test, Interest Test, Personality Test, cognitive ability test, Wechsier Adult Intelligent scale, Wonderic personal test, Polygraph test and Honesty test.

Activity 1

Manufacturers in China to "Employ" 1M Robots

A Taiwanese manufacturer of parts for Apple, Nokia and Dell is planning to replace staff on assembly lines in its Chinese factories with robots. Foxconn also counts Hewlett-Packard and Sony Ericsson amongst its clients, The company presently "employs" 10,000 robots, but plans to increase this in2012 and one million by 2014, and its chairman was quoted as saying in the China Business News.

A source close to the company confirmed the comments, and said an announcement was made just before a staff event on a Friday Night.

Activity 2

Rama Pharmacy Limited

A family owned company follows mostly lifetime employment policy. As such it promotes internal candidates after training and development. This company in its initial recruitment offers a 'career' not just a job. Hence, it emphasis and practices career planning and development. It presents a long career award to those employees who work more than 30 years in the company. The company finds the internal sources as the most useful strategy as it offers strength of 'employment stability' and 'continuity of institutional knowledge'. This practice reduces cost of recruitment and selection.

Model Questions

- What is recruitment? What is the most important source of recruitment for software professionals?
- Explain the difference between recruitment techniques.
- What are the modern sources and techniques of recruitment?
- What are the methods of staff selection?
- What is recruitment appeal?
- What is recruitment process?

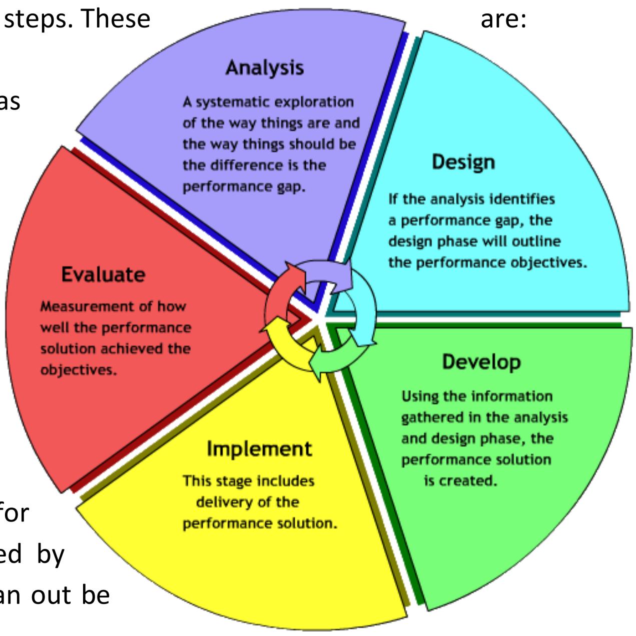
3.3 Training & motivating the sales force

Training: It is necessary for a sales person to get a proper training products, they are going to sell and give effective sales presentation. All Sales person are given training on the product knowledge, still not all sales person are able to perform to full extent because they have not been received or taken full training. Firms, in hurry sends sales person immediate of filed after hiring, and therefore they fail to impart complete information to the customers.

It is responsibility of the sales management to ensure that the sales person are getting information on they are supposed to do and not supposed to do.

Training for employees in any organising follows seven steps. These are:

- ✓ To identify needs and goals of company.
- ✓ Identify the staff members to whom training has to be provided.
- ✓ To arrange for the training resources
- ✓ To find the right trainer
- ✓ To create a training module with a defined hours
- ✓ To induct the staff with the training information
- ✓ Taking follow up of the training



It is essential to design an effective training program for sale persons. Training program can be self-developed by company Human Resource management team or it can out be outsourced, expert in the job. The components of training are carefully designed, keeping in view the requirement for long term change in the behaviour of sales person who are mature and their participation to gain knowledge and learn skills. They to learn and frequently apply the skills in real life time situations. Specifically for the sales force training module could be arranged in four key phases as:

Evaluation: Before begin with designing of training program, assessment of current situation in necessary. It includes self-assessment by sales force, 360 degree assessment by peers, managers and superiors, and objective assessment by a third party or department.

Impact Training: This includes creating a program to bring in baseline knowledge and immediate awareness on topic s of concern and products. Such trainings are meant for short term motivation, to communicate best practices of working, and to build consensus. The duration of such trainings are usually from 60 days to 90 days.

Reinforcement: Reinforcement is next important part training programs without which program tends to fail. This stage of training includes application of strategies to invite learning participation by using various means of content delivery. This part of training leaves long term impact.

Accountability: This part of training brings participants from application to ownership and mastery of the topic in concern. Here, seniors in the team supports and peer accountability helps team members to stay on track. The accountability s arranged with two and three persons to maintain the pace throughout.

Repeating the Cycle: Sales person training never ends. They have to look at their progress, set benchmarks, and observe carefully for what is working and what not. Repeated training patterns helps in maintaining and achieving sustainable goals by the organisation and sales team.

Suitable Techniques for Sales Force Management Training

Success of any organisation and its marketing and sales team depends on right selection of training techniques. These techniques are:

a) Job Rotation: It is useful for the development of diversified skills and gives sales force executives a broader perspective. This is important in terms of upper management.
b) Understudy: It is adopted by organisation with a future thought of providing a subordinate, equal to his superior.

c) Multiple Management: This is a technique to bring out managers out from their narrow zone and to give them multiple functional areas.
d) Case Study: It is used for the development of executives to develop analytical, and decision making skills.
e) Incident Method: This is to improve intellectual ability, practical judgement and social awareness.
f) Role Playing: It helps executive in understanding client by providing them with vicarious examples.
g) In Basket: This is used to develop social sensitivity and situational judgement ability in executives.
h) Sensitivity Training: This helps sales executive to know about themselves and its impact of the behaviour of others.
i) Simulation: This is a method to develop problem solving technique and development of decision making ability.
j) Managerial Grid: This is used to develop leadership quality in sales executives keeping in mind their future growth.
k) Conferences: This technique develops in sales executive to modify their attitude, when needed in the interest of the organisation.
l) Lectures: This is to give more knowledge in a short period of time to a large number of participants.

Training Procedures

The procedure is an essential of job instruction training course and add a great value. The important steps are:

a) Instructor Preparation: Instructor must be aware of the content of the job where sales executives are required to be trained. For each content, trainer must have a desired technique in mind, a method of instruction.
b) Preparation of student: The first attempt by the trainer is to put the trainee at ease. Most people are closed and nervous when approaching new task. A good instructor helps to remove this barrier and facilitates easy learning procedure.
c) Getting Ready to Teach: It involves:
   - ✓ Planning the program

- ✓ Preparation instructor's guidelines
- ✓ Do not try to cover too much material
- ✓ Discuss each item in depth
- ✓ Move logically
- ✓ Repeat in different words
- ✓ Remember your standards

d) Presenting the Operations: Method adopted for this could be explanation, demonstration, use of pictures, charts, diagrams and other training aids.

e) Check trainee performance: As a continuation process of learning, instructor must check the learning outcomes achieved by trainee or not. This can be done by method of discussion, verbal test and quiz.

f) Follow up: It can be adopted to a variable reinforcement schedule. This is the final step of training. When people are involved in procedure this is unwise to assume a constant movement. Hence follow up and check is required.

tivity 1

sence of Follow up lead to ...?

eading pesticide company provided excellent training for sales executives on selling techniques. The trainees felt that they could make use of the selling techniques with great advantage in the market place. Regional managers made no efforts to follow- up new ideas and suggestions. Consequently, sales executives were unable to adapt techniques learned during the training programs.

ivity 2

& T Broadband and Internet Services (AT&T BIS) has an on-line training program for employees, including certificate courses on effective communication and skills in emerging technologies.

& T and BIS employees register for the training program online and then log on to their courses via the internet by using passwords. Participants complete course work from wherever they have access to computer and internet. Online training courses provide an affordable solution to help managers become adept at using new communication.

Model Questions

- ❖ How do you identify the training needs of an enterprise?
- ❖ What is job Rotation? How does it help in acquiring new skills?
- ❖ What is employee training? Explain important techniques.
- ❖ What are the major steps in developing a training program? Describe the steps in detail.

Motivation

Motivation is a challenging task in selling process. Managers find it difficult to keep their sales team motivated as this is goal directed individualistic behaviour, which directs them to attain organisational goals. Motivation consist of three elements. First is Need, second is Drive and third is goal. When the need is satisfied, motivation goes down to achieve further. In order to achieve objectives and goals of the organisation, it is important to keep sales force motivated.

It is a sales function, denotes the amount of effort an individual puts in to excel in selling job. Some sales persons are self-motivated whereas, few required to external pushing to keep them moving with motivation. Maslow's hierarchy of needs, Herzberg's two factor theory and goal setting theory, expectancy theory and job designs theory, helps managers to utilize as when needed to understand the individualistic concepts to keep the sales team motivated. It can be understood as:

a) Maslow's Hierarchy of needs theory: It has kept human needs in five categories. Physiological, safety or security, social self-esteem and self-actualisation needs. It moves up in pyramid with physiological at the lowest and self-actualisation at the top. Individual moves up in the pyramid when lower section needs are fulfilled.
b) Herzberg's two factor theory: It states that the job environment of an individual is characterised by two factors namely hygienic factors and motivational factors.
c) Goal Setting Theory: This theory states that people work to fulfil their aspirations, the goals which they have set. They work in the direction to achieve their goals.
d) The expectancy Theory: This theory says that motivation is a function of expectancy and is instrumental in nature.
e) Job Design Theory: This theory states that all individuals have same need, and jobs matching with it can satisfy their needs.

Motivation of sales person play an important role as it is directly related to performance and therefore its productivity. Sales person, highly motivated bring continuous results in sales and gives high productivity as a continuous process. Sales person with missing motivation tends to perform poor and hardly ever able to achieve sales targets.

Activity

How to Motivate?

Marie, a Director in her company, was being coached, She was a perfectionist. Every say she pushed herself to succeed and was rewarded with recognition from her peers. But she was unable to get the same standard of work from her team members. In the first weeks of her

coaching she would say, "If only people realised how important it was to put in 110% and how good it felt to get the acknowledgement, then they would start to feel more motivated".
But it was not working. Instead people were starting to become resentful towards Marie's approach. Acknowledgement was a prime motivator for Marie so to help her consider some other options. She was helped to brainstorm what else might motivate people in their work. Marie's list grew: 'learning new skills', 'accomplishing a goal as a part of team', 'creativity', 'achieving work life balance', 'financial rewards' and 'the adrenaline rush of working to tight deadline'. Marie began to see that perhaps her team were indeed motivated. It was simply that the team members were motivated in different ways to her own.

Model Questions

- "Money motivates men at all levels". Explain.
- What do you mean by Motivation?
- Explain the significance of motivation.
- Explain various theories of motivation.

3.4 Compensation of Sales Force

"A strong compensation to the sales force should be aligned with company goals. It should be easy to understand and communicate. It should give sales executive and mangers target objectives to work toward."

In today's scenario, companies are revising the methods of providing incentives and compensation and reflecting changes in strategies and tactics. The variety of sales commission plans make compensating individuals in various ways. It could include combination of salary, commission, bonus, sales contests, and non-monetary recognition and rewards. The best sales compensation plan should have:

a) Developed in vacuum assuring that the compensation plan and budget are developed in conjunction with the company planning process.
b) It should focus on tactical sales objectives and company strategies objectives and goals.
c) Should concentrate on view that sales person always maximize a sales plan to their personal benefits and rewards.
d) Should create a measurable criteria just above gross sales which create issues in customer handling and benefits to customer and company image.
e) A plan to differentiate between top, average and inadequate performers.
f) To set performance benchmark.
g) A plan which do not create direct competition between ales persons.
h) A plan which should be evolutionary and not revolutionary.
i) The right compensation plan has positive impact on customers and the market place.

Types of compensation Plans

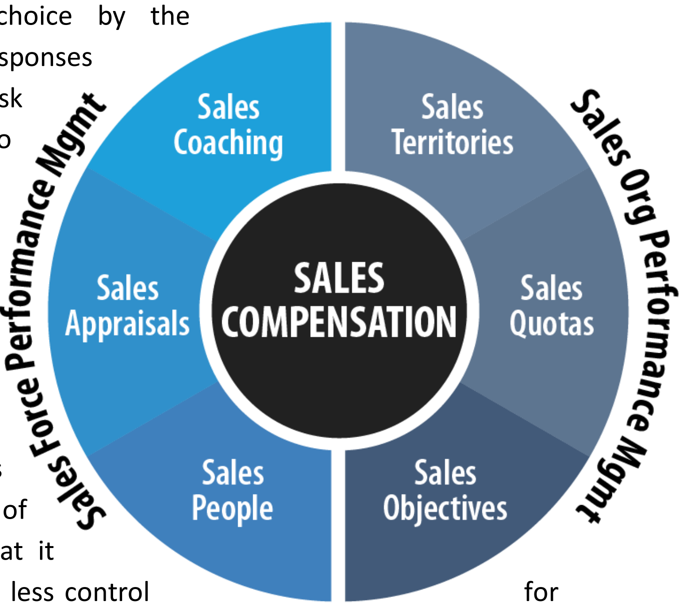
There may be existing many ways of compensating sales force and team. Here mentioned are some basics as:

a) Salary Only: It is used for many reasons. Mainly when a new executive is bought to the company and is also when a new territory is opened or a person needs time to come up with speedy performance. Salary motivates sales persons to achieve key success factors that are not revenue or sales volume related. For sales person, sometimes focus is team selling, global and multinational sales accounts, customer care and relationship building.

b) Company asks a salaried sale person to spend time completing task which are important to the company objectives. Salaried sales person are expected to perform additional responsibilities like market research, customer problem solving, customer service and so on. Straight salary plans are also effective where high – tech design services are required to sell

a product. Another advantage of salary mode of compensation is that it is easy to compute and administer. It is an advantage to the management in a way as it provides, constant wages even when sales volume are high.

c) Commission based: This is an excellent way to keep sales person motivated and aggressing selling is achieved. It is the right choice by the organisations having targets and quick responses are solicited. It assumes that non selling task is minimized. It also allows company to control sales force activities. This is a high motivational plan to improve on production sales. It is composed of only sales commission and is simple to compute and administer. Compensation moves up and down with the amount sales happens. Company has no worried for paying high salaried unless the sales volume increases. Disadvantage of commission types of compensation is that it allows less control over sales persons and less control for directing company objectives. In such cases relationship building also cannot be focused on.



d) Combination of salary and commission

This plan offers both a base salary and incentives based on sales target achieved. These plans are more popular as it provides, a security to sales person for sales achievement and motivation to achieve more.

Management gets the advantage as incentive portion of the plan motivates a salesperson to increase sales revenues and profitability. It is programmed in a tiered way in which, top sales representatives achieve on an open ended basis. All revenues above their quota is very profitable for the company. Incentives are sometimes left open ended and sometimes capped. Company decides on the base of incentives which is mostly on short term sales. When a sales executive are asked to focus on relationship building, the base salary is upward adjusted. Incentive percentage is reduced when the sales person are largely order takers.

3.5 Controlling Sales force

Controlling sales person play an important role in sales force and distribution management. Controlling needs supervision, and who would be supervisors should be thoughtfully decided by managers. It should also be taken care for announcing the right education and experience for the position of Supervisors sales force control.

Controlling Sales Personnel through Supervision

Management decided on the task of controlling sales person which means to control to improve on the performance of sales personnel. To conduct this purpose, an executive with supervisory responsibilities may be hired. The executive works in the direction of observing, evaluating, and reporting on performance of the sale force.

The executives also works to correct the deficiencies, clarifying responsibilities roles and duties, provides motivation, keep sales force informed about change in company policies and helps solving business issues. Sometimes, executive supervisor also helps maintaining continuous sales training. Sales supervision is mainly aimed with control action on increasing personnel contributions to the achievement of company objectives. There are certain conditions where a measured supervision is required. These are:

a) Turnover of sales persons in a branch, district or a unit
b) Accounts high turnover
c) Increase in number of complaints from customer
d) Increase in phone or mail orders with no visible reasons
e) Low calls ratio from customers

f) Fluctuation in call patterns in total number of calls, either high or very low.
g) Increase in selling expenses
h) Lack of enthusiasm and negative attitude
i) Sign s of job hunting by sales person and restlessness

Above mentioned condition invites supervision of high or low level. Listed reasons are useful for evaluating the efficiency of supervision. Supervisor while evaluating must see that the occurrence of these reason might indicates deficiencies at the phases of sales force management. There is also observations at times that company upgrades the quality of sales persons and fails to communicate to supervisors. Many companies has introduced high level, key account selling, self-reliant, and hires highly educated sales personnel, who are well capable pf taking their own decisions. Company has benefits while these personnel as they highly trained, self-reliant, can meet new selling challenges. The type of job, type of supervision changes with change in sales person the type of supervision changes.

Who should be the Supervisor?

Depending upon the size of company, supervisors for sales force are hired and decided as:

a) Home Office Personnel
b) Branch Supervisor
c) District Supervisor
d) Field sales supervisor

Supervising could be given as an added responsibility or a specialist supervisor may also be recruited as on special job role.

When the job of sales force is small then the role of supervisor is usually handled by the top sales executives or an assistant. Supervision through home office method is used in minimal and is good for sales organisation with small size and allows development of close relations. In such cases a little sales training is required. Branch and district level of companies with decentralised functions find convenient to get the supervision done through branch and district level of managers. Promoted managers are usually added with presumed supervisory role. Branch managers also handle the role in sales organisations with limited amount of supervisions asked for.

In summary, limited results suggest the importance of fit between the type of controls in use and the type of performance being measured. Although findings suggest that the efficacy of both behavioral and output controls is enhanced when combined with informal controls, specific relationships between informal controls and salesperson performance (of all types) are largely unknown. We suggest that future search involve investigating which formal and informal controls complement and could also perhaps substitute for one another in determining salesperson performance

Qualifications of Sales Supervisor

Supervisors are usually the persons within the existing team with additional quality of teaching. Persons good at training and identifying training needs, be patient and capable of pointing better ways of doing things. They must be skilled at handling people and prepared to deal with many complex situations. Supervisory duties, in certain companies are taken care by themselves and to keep update on field selling techniques. Field supervisors are usually paid low and the job is difficult. Still, as trends many sales person wishfully want to take up promotions to higher position. A manger can supervise salesperson in two ways:

a) Indirect Supervisory Method: Manager is responsible for three to twelve sales person and oversee their activities by following methods.

   (i) Call Reports: This helps manager to know which customer is contacted when on which day. Call reports have brief description of activities sales person takes up and progress on each call.

Sales Call report

CALL REPORT

DATE_____________20________

Customer ____

Street ____

city____state_________________________

Persons____Title:__________________________

Contacted

TYPE OF CUSTOMER SELLING STEPS TAKEN

- …………………………..
- ………………………….

INTERESTED IN

____

FOLLOW UP PLAN:____

Date of next call:____________________

REMARKS:____

:____

:____

Sales person:____ Add to Mailing List

   (ii) Expense Report: It gives details of expenses done by a sales person in selling activity.

   (iii) Compensation Reports: This consist of commissions, bonus, contests influence ad effort sales person gives in sales activity.

   (iv) Sales Analysis report: It shows the process of selling.

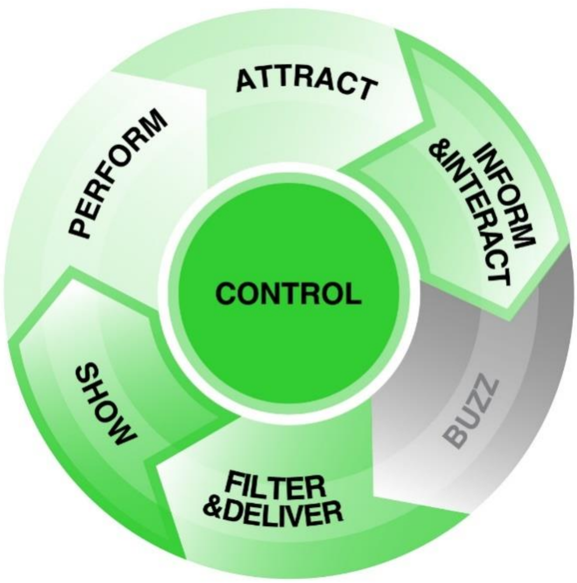
b) Direct Supervisory Methods: There are three methods used under this technique.

   (i) Telephones and Emails: These are tolls used by sales persons and for contacting sales person.

   (ii) Sales Meetings: These takes place frequently. The purpose of this is to provide information, training, and inspection.

   (iii) Routine Visits: Managers makes routine visits with sales person in the territory under control.

   (iv) Trouble-shooting: It is meant for trouble shooting for a specific account to handle a specific problem.



Sales force control Theories

For sales person control system, many theories are suggested. Few of them are as:

a) Information Asymmetry: The information asymmetry is different level of information to manager's supervisors and ales person. This should be avoided to avoid use of information opportunistically by any one party. The primary function of control is to exchange information.
b) Dysfunctional Behaviour: Sometimes, dysfunctional behaviours occurs due to pressure they feel as to meet criteria including gaming, smoothing, focusing, information presented in a formal way and to perceive it more positively and inaccurate reporting. These four functions are considered dysfunctional behaviours.
c) Attitude: There is a relationship between controls and sale person attitude like job satisfaction. Behavioural aspects of sales person changes and become more positive, seeing the characteristics of job and work environment if rewarding. This is associated with job satisfaction, cooperation as team member that leads to performance appraisals. Controls on sales person are output, the information like setting, monitoring, and evaluating of objectives and rewards like positive reinforcements are the dimensions which show a positive relationship. A satisfactory relation of sales person with his her supervisor and attitude for organisational change. Negative reinforcements are punishments dimensions of behavioural control are found to lower the attitude of sales person. A combination of positive and negative reinforcement like strength of information, combination of formal and informal controls and perception of leadership influence the relationship.

Points to remember

- Sales personnel turnover rate excessive in a branch, district or other organisational unit.
- High turnover of accounts
- Increase complaints from customer
- Mail or phone orders increasing for no known reasons
- Low ratio of orders to sales calls
- Total number of call very low or very high
- Restlessness and job hunting
- Low morale, as implied by negative attitude towards company and lack of enthusiasm

Weekly Expense Report
Name____
Week Ending____
Date From/To Miscellaneous (or place at)
Meals(including) SELF
Entertainment
Descript Amount
Daily Totals
M
T
W
T
F
S
S
Itemize below Amount to be reimbursed.
I hereby certify that the above expenses represent monies spent for legitimate business only
Approval_____________________
ned______________________________

Model Questions

- What is sales force control system?
- Mention the role of supervision in controlling sales force.
- Write the qualifications and qualities in sales force supervisor.
- Write the difference between direct and indirect supervisory methods.
- Mention all the theories of sales force controlling.

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Chapter 4
Distribution Management

Introduction

Distribution management with respect to waste management is very important component as it is required in orderly distribution of waste collection and sending it to right organisation for further processing. It is also important that the product manufactured for this sector must be easily available and the said distribution should address these problems: functional performance, reduced complexity, and specialization.

The primary focus of distribution is to increase the efficiency of time, place, and delivery utility. Looking at the scope of waste management sector the distribution channel will have to be meticulously designed, however, as the number of producers grows and the geographical dispersion of the customer base expands, the need for intermediaries both internal and external who can facilitate the flow of products, services, and information via a distribution process will exponentially increase.

Learning Objectives:

- ✓ Understand the need and scope of distribution management.
- ✓ Study different types of marketing channels.
- ✓ Describe institutions meant for channelling.

- ✓ Exemplify the way the channels are designed.
- ✓ Illustrate the way the various channels are managed.

Structure

- The need and scope of distribution management.
- Marketing channels.
- Institutions for Channelling.
- Designing channel systems.
- Channel Management.

4.1 The Need and Scope of Distribution Management

Distribution management is the management of all activities which will facilitate movement and co-ordination of supply and demanding the creation of time and place utility in goods

The art and science of determining requirements, acquiring them, distributing them and finally maintaining them in an operationally ready condition for their entire life.

Distribution channels are the sets of interdependent organizations involved in the process of making a product or service available for use or consumption.

Whether selling products or services, marketing channel decisions play a role of strategic importance in the overall presence and success a company enjoys in the marketplace.

The Marketing Mix& Distribution Management:

- ➢ Product
- ➢ Place
- ➢ Price
- ➢ Promotion

Distribution channels help in the **'place** 'aspect of the marketing mix; Distribution provides **place, time and possession utility** to the consumer.

For Example:

Consumer wants to buy a tube of toothpaste

Made available at a retail outlet close to his/her residence –**place**

Made available at 8 pm on a Tuesday evening when she wants it –**time**

She/he can pay for the toothpaste and take it away –**possession**

The company **distribution** function has made all this possible.

On the same line: Garbage deposited by the residential complexes, Industrial waste from the companies needs to be carried to a specified site with the help of some machinery and processed thereafter. Looking at the quantity of waste generated it has become necessary to rope in various channels. Depending on the sectors the channeling process is done. The processing of hospital waste collection (which falls in the Bio-Medical Waste category) is done in Thane district is done by the NGO ENVIRO-VIGIL.

Distribution management assist in decreasing overall channel complexity through sorting and at the same time will help in routinization. Sorting is crucial and is associated with transforming products acquired from manufacturers into combination of assortments and also on the quantities demanded in the marketplace. Routinization refers to the policies and procedures providing common goals, channel arrangements, expectations, and mechanisms to facilitate efficient transactions. **David F. Ross** describes sorting as including four primary functions:

Sorting is the function of physically separating a heterogeneous group of items into homogeneous subgroups. This includes grading and grouping individual items into an inventory lot by quality or eliminating defects from the lot.

Combining all the available stock which is homogeneous into larger groups of supply is known as Accumulating. Post this groupings, larger lot size is broken into smaller units which are saleable and easy to handle.

Assorting is the function applicable to products which are to be put in one package or kit. For example, putting items meant to treat all similar types of industrial waste.

Ever-increasing environmental concerns have made the entire process more and more complex hence giving rise to costs with inefficiencies which multiply throughout channels giving scope to appointing partners with expertise and thorough knowledge of exchange and warehousing which are important elements of distribution. Specialization then improves the channel by increasing the velocity of goods and value-added services and reducing costs associated with selling, transportation, carrying inventory, warehousing, order processing, and credit.

There are a number of critical functions performed by the channel distributor. Ross describes these functions as:

- **Product acquisition**. First thing to happen in distribution wherein a product is acquired it could be finishes state or semi-finished state from directly the manufacturer or distributer or any other supply channel. It is the functions which can be performed independently by channel intermediaries or by the distribution facilities of manufacturing companies.
- **Product movement.** The goods move gradually up or down the supply chain. Significant efforts are required to minimize the damage.
- **Product transaction**. Distributors are the ones who sell the products in bulk for the purpose of resale or business use. The same is again sold to either retailers or more distributers and it will reach the end consumer. If it is semi-finished goods then it will go for further processing to the manufacturer which will start the next chain of distributers.

Following are the separate elements contained within the three critical functions of distribution:

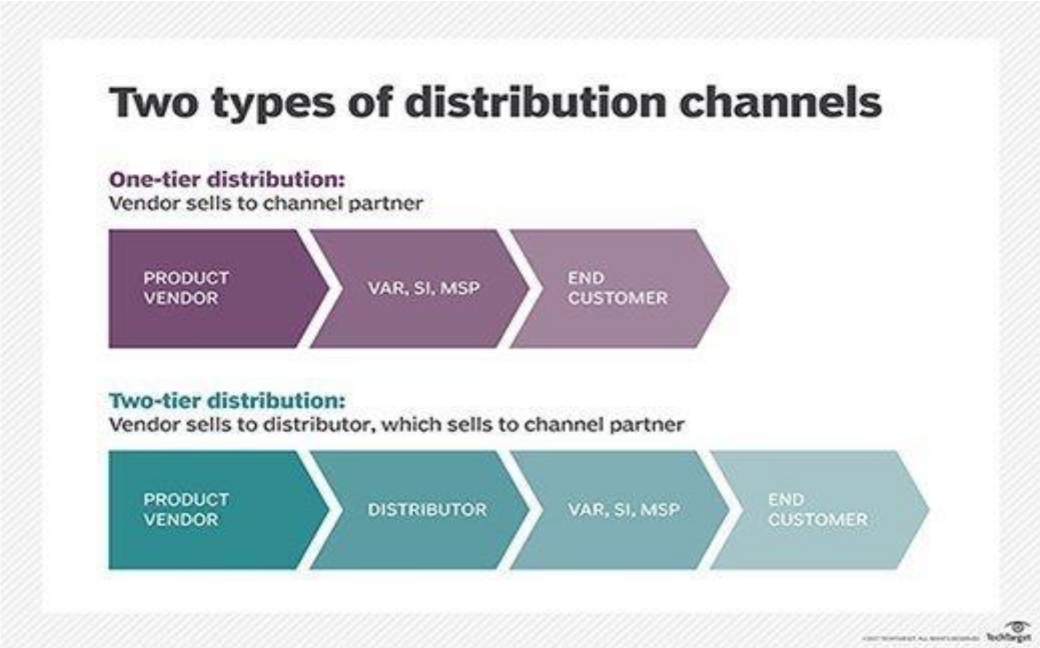
- **Selling and promoting**. Manufacturers produce goods for sale, so selling by promoting forms an important component of distribution and very crucial for manufacturer as well. The distributers help in deployment of products. Distribution firms have added advantage of being expert in their respective field as also have their own direct-selling organizations along with detailed knowledge of customers and their expectations.These distributers can then channelized their resources to the manufacturer.They also help in perfect mapping of all components which will help significantly to improve the time, place, and possession utilities by housing inventory closer to the market. Because of such factor irrespective of the location of production, the manufacturer can reach many small, distant customers at a relatively low cost, thus allowing the manufacturer to focus its expenditures on product development and its core production processes than wasting time and energy on marketing and distribution activities.
- **Buying and building product assortments**. Retailers are the one who directly deal with the customers. They usually deal with few suppliers providing wide assortment of products which fit their merchandising strategy than too many with limited product lines.All these factors put together savesthe cost on purchasing, transportation, and merchandizing. Distributers excel in optimising their resources so that they can bring together all related products from multiple manufacturers , assemble right combinations in required quantities so that retailers requirement can be met in very economical manner.

- **Bulk breaking**. Large scale production have to be broken down further for easier distribution. Retailers normally require smaller quantities of multiple products. The distribution departments performs this function very efficiently and takes load off the manufacturer who is supposed to break bulk and repackage its product to fit individual requirements. Advance process of Lean manufacturing and JIT techniques are continuously seeking ways to reduce lot sizes, so this function enhances that goal.
- **Value-added processing**. Priorities can be set and accordingly the distributers can facilitate this process by performing sorting, labelling, blending, kitting, packaging, and light final assembly at one or more points within the supply channel. This is a very significant stage which can reduce end-product obsolescence and minimizes the risk inherent with carrying finished goods inventory.
- **Transportation.** The most crucial function of any organisation into production is to enable the movement of finished goods from the manufacturer to the retailer. It is very important to note that the right product reaches the right customer at right time.Infrastructure has to be functional and good. Geographical location and the location of warehouses is deciding factor. Transportation's goal is to ensure that goods are positioned properly in the channel in a quick, cost-effective, and consistent manner.
- **Warehousing**. The location of production facility near to the availability of raw material necessitates the concept of warehouse. It provides easy and quicker access to the products and timely delivery to the customer. It also acts as a buffer so that supply and demand conditions can be met. Since demand is often located far from the source (manufacturer), warehousing can provide a wide range of marketplaces that manufacturers, functioning independently, could not penetrate.

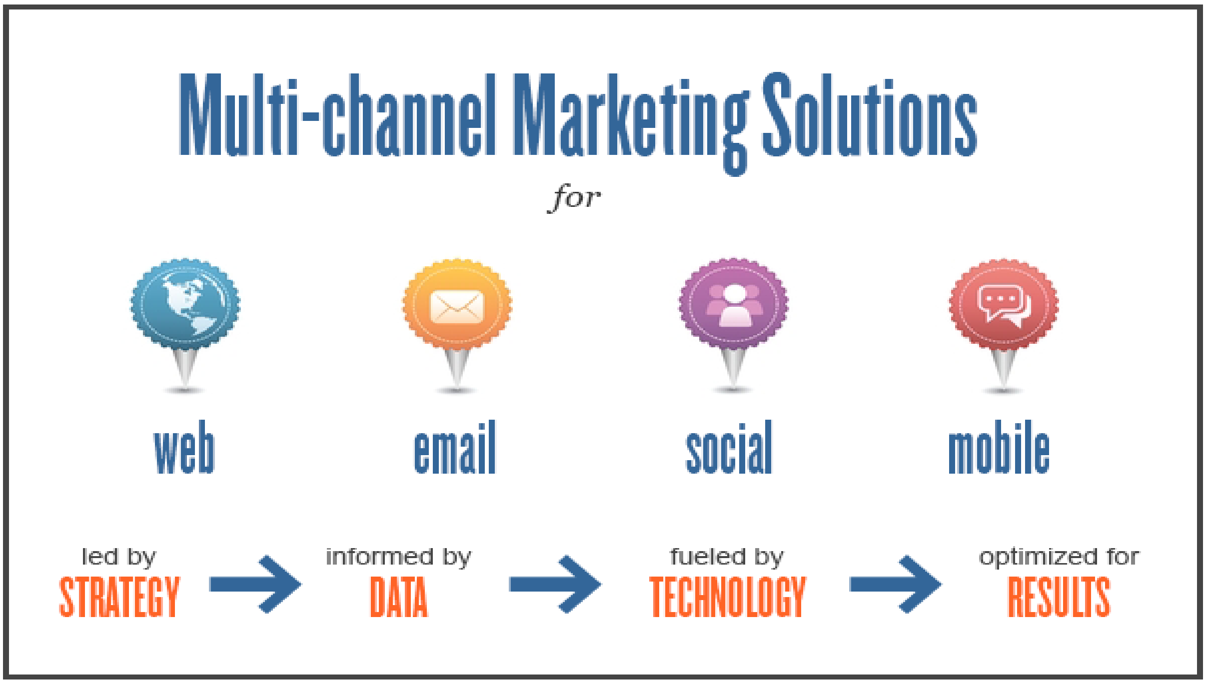
4.2 Marketing Channels

Are intermediaries or middlemen

- Exist because producers cannot reach all their consumers
- Multiply reach and provide efficiency to the marketing process
- Facilitate smooth flow and create time, place and possession utilities
- Have the core competence and reach
- Provide contact, experience, specialization and scales of operation



C&FA: carrying and forwarding agent and **C&SA**: carrying and selling agent –both are on contract with a company. Both are transporterswho work between the company and its distributors. Collect products from the company, store in a central location, break bulk and dispatch to distributors against indents. Goods belong to the company. C&SA also sells the goodson behalf of the company but remits proceeds after sale.



Distributors, Dealers, Stockists, Agents: Name denotes the extent of re-distribution done by them. Distributors invest in the products –buy products from the company. Are on commission, margins or mark-up. May or may not get credit –but extend credit. Distributors cover the markets as per a beat plan. All others merely finance the business. Distributors could be exclusive for a company. Agents bring buyer and seller together. Operate out of the main markets. Deal with a number of company products of their choice. Are not on contractwith any company. Sell to other wholesalers, retailers and institutions. Negotiate about 15 day's creditfrom company distributors –also provide credit to their customers. Operate on high volumes and low margins. The final contact with consumers. Operate out of their shops and sell a large assortment and variety of goods. Located closest to consumers. Buy from company, distributors or wholesalers. Highest marginsin the network. Provide personalizedservices to their customers.

Patterns of Distribution:

Determines the intensity of the distribution. Intensity decides the service level provided

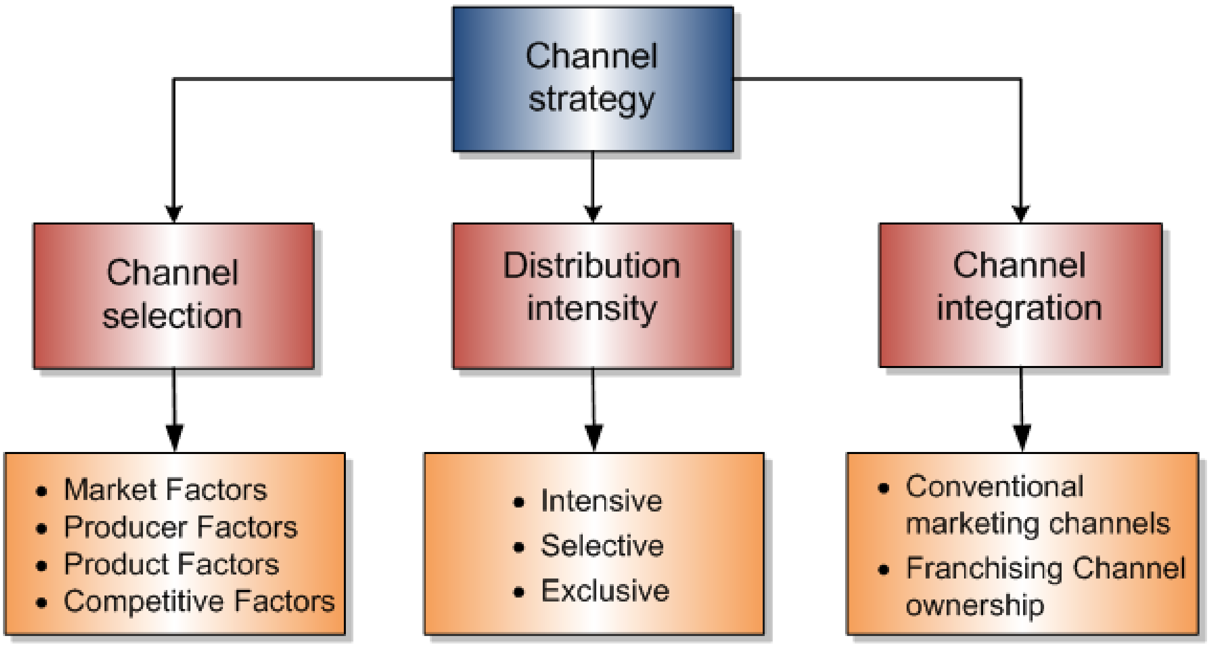


Fig 1.12 Types of distribution intensity:

◦Intensive

◦Selective

◦Exclusive

Intensive: distribution through every reasonable outlet available –FMCG Strategy is to make sure that the product is available in as many outlets as possible.

Example: Preferred for consumer, pharmaceutical products and automobile spares. Rarely used in waste management sector as the product is not meant for individual use but can have scope in future.

Selective: multiple, but not all outlets in the market –pharma, frozen food A few select outlets will be permitted to keep the products. Outlets selected in line with the image the company wants to project. Preferred for high value products.

Example: Tanishqjewelry

It helps to keep distribution costs much lower.

Exclusive: may be only one outlet in a market.

Example: car dealer's highly selective choice of outlets –may be even one outlet in an entire market.

Could include outlets set up by companies–Titan, Bata

Producer wants a close watch and control on the distribution of his products.

Distribution Channel Strategy: Table 1.4

Channel strategies

FACTORS	CHARACTERISTIC FOR SHORT CHANNEL	CHARACTERISTIC FOR LONG CHANNEL
MARKET FACTORS	Business Users	Consumers
	Geographically Concentrated	Geographically Dispersed
	Extensive technical knowledge & Regular service	Little technical knowledge & no Regular service
	Large orders	Small orders
PRODUCT FACTORS	Perishable	Durable
	Complex	Standardized
	Expensive	Inexpensive
ORGANIZATIONAL FACTORS	Has adequate resources to perform functions	Lacks
	Broad product line	Limited product line
	Channel control important	Not important
COMPETITIVE FACTORS	Satisfied with intermediaries performance in promoting products	Not Satisfied with intermediaries performance in promoting products

Derived fromthe corporate strategy and the marketing strategy

Steps for designing the distribution strategy are:

- Defining customer service levels
- Distribution objectives and steps
- Structure of the network required
- Policy and procedure to be followed
- Key performance indicators
- Critical success factors

Customer Service Levels

It is defined by the nature of the industry, the products, and competition and market shares. Affordability also decides the service level. It should at least match competition. Customer expectation show no limit. Influenced by the customer expectations. Defines the extent of time, place and possession utility which the customer can expect out of the channel network.

Set of Activities: Manner in which the company and its marketing channels go about achieving the customer service levels.

Some of these steps could be:

1. Sales forecasts.
2. Dispatch plans.
3. Market coverage beat plans.
4. Journey plans for service engineers.
5. Collection of sales proceeds.
6. Carrying out promotional activities.

7. The company also decides as to who is to perform which task.
8. Extent of company support and outsourcing to be decided.
9. Budget for the cost of the distribution effort.
10. Select suitable channel partners–C&FAs, and distributors.
11. Setting clear objectives for the partners.
12. Agree on level of financial commitments by the channel partners.

Policy & Procedures

Define policy and implementation guidelines through Operating Manuals

Policy guidelines include:

1. Code of conduct for channel members
2. System for redressal of complaints
3. Any additional subsidies etc
4. Handling institutional business
5. Service policy or engineering products

Policies and procedures are crucial part of the entire system. Channel members are required to follow certain predefined code of conduct so as to bring in transparency. For industrial products in this sector must follow standards set and should have sound system of redressal mechanism so that the end user turns out to be a satisfied customer.

Key Performance Indicators

Effectiveness is the primary component which is measured**.** Achieving targets by product groups, periods and territories. Constant efforts to improve market shares and adding to profitability. The track of complaints by the customers, addressing their problems effectively and successfully. Care must be taken wherein it is assured that no stock is returned. Inventory should be well managed so that emergencies can be dealt with and sudden demand can be addressed.

For Example: Due to Air pollution and Water pollution, there is rising demand for scrubbers and filters of a different levels and adheres to the set of norms as per environmental policy.

Channel partners are equally responsible for the area covered under market as also minimising the damages caused to the product

Critical success factors

The distribution strategy also needs the support and encouragement of top management to succeed

Some of the CSFs could be:

- Clear, transparent and unambiguous policy and procedure
- Serious commitment of the channel partners
- Fairness in dealings
- Clearly defined customer service policy
- High level of integrity
- Equitable distribution at times of shortage
- Timely compensation of channel partners

Key Learnings

- ✓ Companies use distribution channels to reach their large customer base
- ✓ The channel members could be nominated like distributors or freelance like retailers

- ✓ Distribution channels provide the time, place and possession utility for consumers for the company products
- ✓ Distribution channels could be sales, service or delivery focused
- ✓ Companies could also choose the intensity of distribution based on their products and distribution objectives
- ✓ Distribution could be intensive, selective or exclusive
- ✓ The distribution strategy takes care of service levels, objectives, activities, organisation to deliver the service, measurement of performance and critical success factors
- ✓ The entire function involves a feedback mechanism which helps to refine the process as also assist in concrete decision making along with policies.
- ✓ Addresses the problems of the customers.

Things To Do:

Based on the above Figure answer the following from your day to day experience. Which strategy is used by the following?

1. Manufacturer of Tooth paste
2. Manufacturer of Bio-degradable carry bags.
3. Manufacturer of sound absorbing material.
4. Production of high end vehicles

4.3 Institutions for Channel-Retailing Wholesaling

A supply channel basically comprises of three structures. Manufacturer is at one end of the channel usually the focus is on the development and production of products and once the product is ready there arises the need for the process of distribution. The terminal point in the channel is the retailer who sells goods and services directly to the customer for their personal, non-business use. In between the two lies a process called distribution, which is more difficult to define. One involved in the distribution process is labelled a "distributor." The APICS Dictionary describes a distributor as "a business that does not manufacture its own products but purchases and resells these products. Such a business usually maintains a finished goods inventory." The proliferation of alternative distribution forms, such as warehouse clubs, catalogue sales, marketing channel specialists, and mail order, have blurred functional distinctions and increased the difficulty of defining both the distribution process and the term distributor.

One ultimately could maintain that distributors include all enterprises that sell products to retailers and other merchants—and/or to industrial, institutional, andcommercial users—but do not sell insignificant amounts to the ultimate customer. According to this definition, most companies that are involved with the disbursement of raw materials and finished products belong, in one sense or another, to the distribution industry. By adopting this definition, distribution is expanded to cover nearly every form of materials management and physical distribution activity performed by channel constituents, except for the processes of manufacturing and retailing.

Distribution involves a number of activities cantered on a physical flow of goods and information. At one time the term distribution applied only to the outbound side of supply chain management, but it now includes both inbound and outbound. Management of the inbound flow involves these elements:

Material planning and control

- Purchasing
- Receiving
- Physical management of materials via warehousing and storage
- Materials handling

Management of the outbound flow involves these elements:

- Order processing
- Warehousing and storage
- Finished goods management
- Material handling and packaging
- Shipping
- Transportation

What is retailing?

Any business entity selling to consumers directly is retailing – in a shop, in person, by mail, on the internet, telephone or a vending machine

Retail also has a life cycle – newer forms of retail come to replace the older ones – the corner grocer may change to a supermarket. It includes all activities involved in selling or renting products or services to consumers for their home or personal consumption

The Term retail is derived from French word ‘retailer’ meaning ‘to break bulk’.

The following are the characteristics of retailing:

- Small order sizes tend to be many in number.
- Wide variety of customers are covered. Keeps a large assortment of goods
- Very ‘Impulsive’ and so inventory management is critical.
- Selling personnel and displays are important elements of the selling process

- Strengths in 'availability' and 'visibility'
- Targeted customer mix decides the marketing mix of the retailer

Retail stores are independent of the producers – not attached to any of them. A survey shows that only 35% of supermarket purchases are pre-planned. The rest are 'impulse'- greatly influenced by quality of the merchandising efforts. All marketing functions in order to provide consumers a wide variety. Helps create time, place and possession utilities. May add form utility (alteration of a trouser bought by a customer). Helps create an 'image' for the products he sells.

- It Add value through:
  - Additional services – extended store timings, credit, home delivery
  - Personnel to identify and solve customer problems
  - Location in a bazaar to facilitate comparison shopping

Customized Services: In waste management sector there is very less possibility or low probability of stores but over a period of time the need for such stores will be the priority. As the products are not targeting the individual customer but directly the business.

Benefits of Retailing: Price is one component which the customer is interested to know and the retailers have been very smart at offering the same. The location of the stores and the ambience helps in right product selection, this can be attributed to the environment so created. Customers feel satisfied when helped by salesperson who are friendly and happier when they strike a fair deal. Availability of parking space allows them to spend quality time at the store and thus helps in sales. Retailers always come up with variety of specialized services to attract new customers.

Franchising

Franchising is a contractual arrangement between a parent company (a franchisor) and an individual or firm (a franchisee) that allows the franchisee to operate a certain type of business under an established name according to specific rules.
Franchisor is the firm which wants to sell its goods or services

Franchisee is the firm or group that are willing to sell the products or services on behalf of the franchisor.

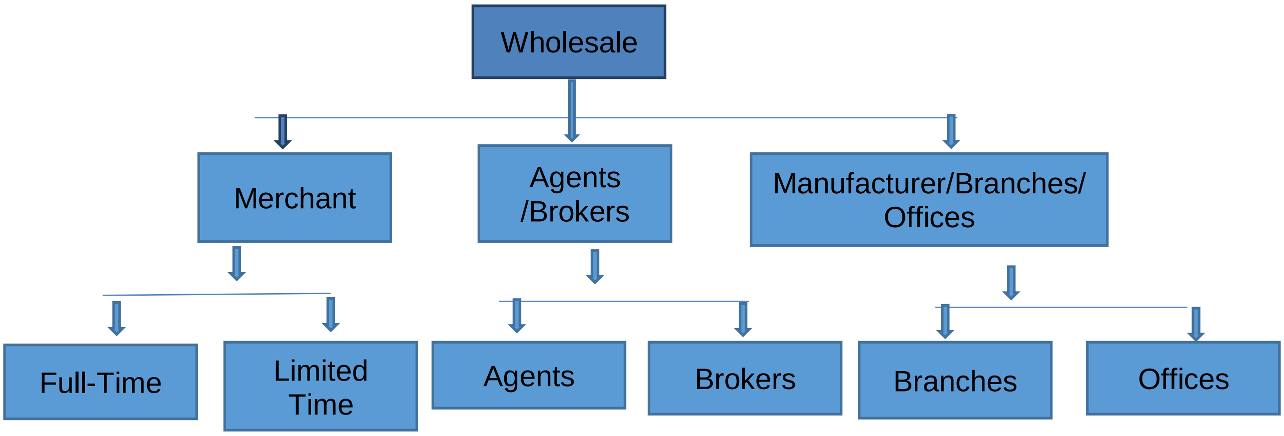
The first party gives advice and help to the second to find good locations, blue prints for a store, financial, and marketing and management assistance. Such an initiative helps in faster expansion, the cost of advertising is minimized. There is scope to motivate due to the concept of ownership. Franchisee has to take care of taxes and licenses. Ease of doing business, training and financial assistance provided plays significant role in managing business. Promotional activities and other assistance provide confidence.
Rapid use of technology and Internet has helped to cut down on advertising expenses. Customers get to compare the products online and at the same time there is no hurry to purchase it. Although the customers don't get to experience the touch and feel, this concept is very successful from some types of shopping. There is no restriction on when to buy as is it available 24*7. Online payments can be made so there is no need to handle cash.
There are few issues under E-Tailing:

- Concrete network of logistics to deliver the product.
- Payment gateway should be trustworthy.

- Some products must be sold separately.

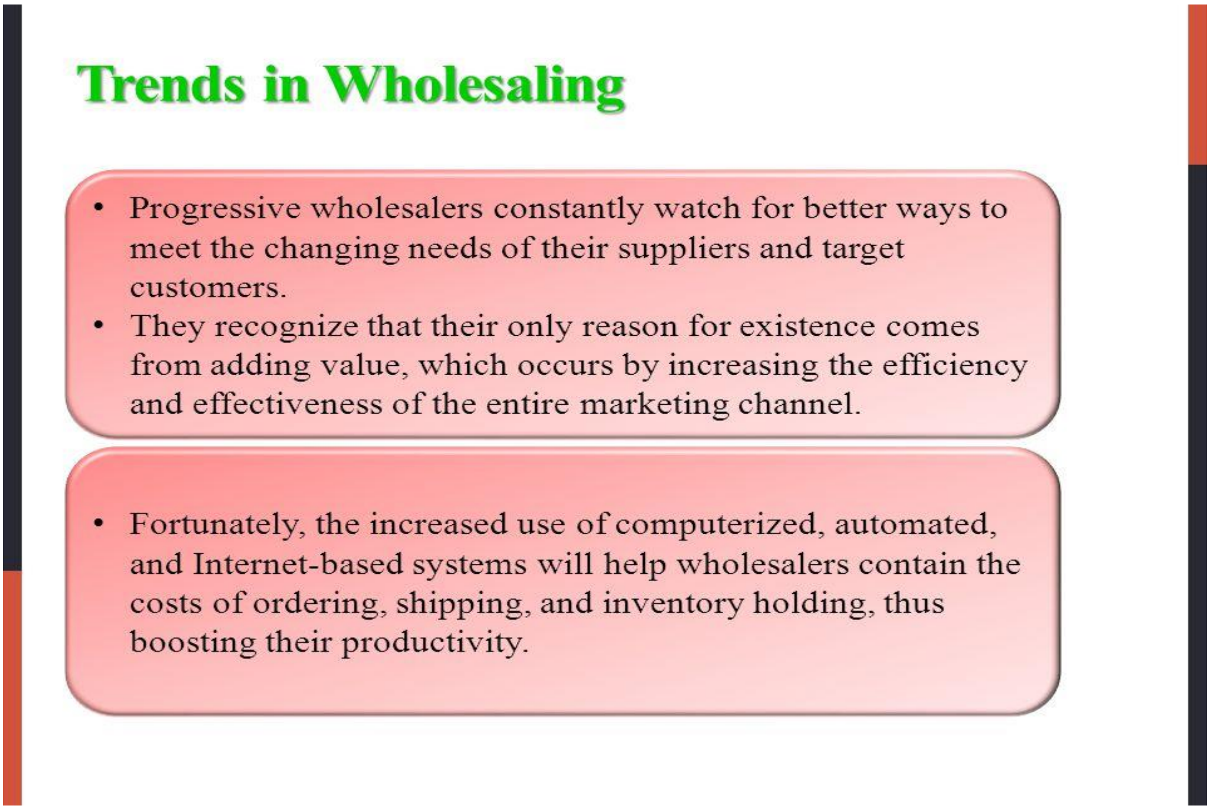
Wholesaling:

Wholesaling is the sale and distribution of goods to specific customer types such as those most commonly referred to as resellers. Resellers are traditionally retailers, other wholesalers or merchants who will resell the good to an end user. Certain industrial, commercial and institutional customers also qualify, as the goods are often a component of a different end product.



Vertical marketing systemsare professionallymanaged and centrally coordinated marketing Channels designed to achieve channeleconomies and maximum marketing impact.

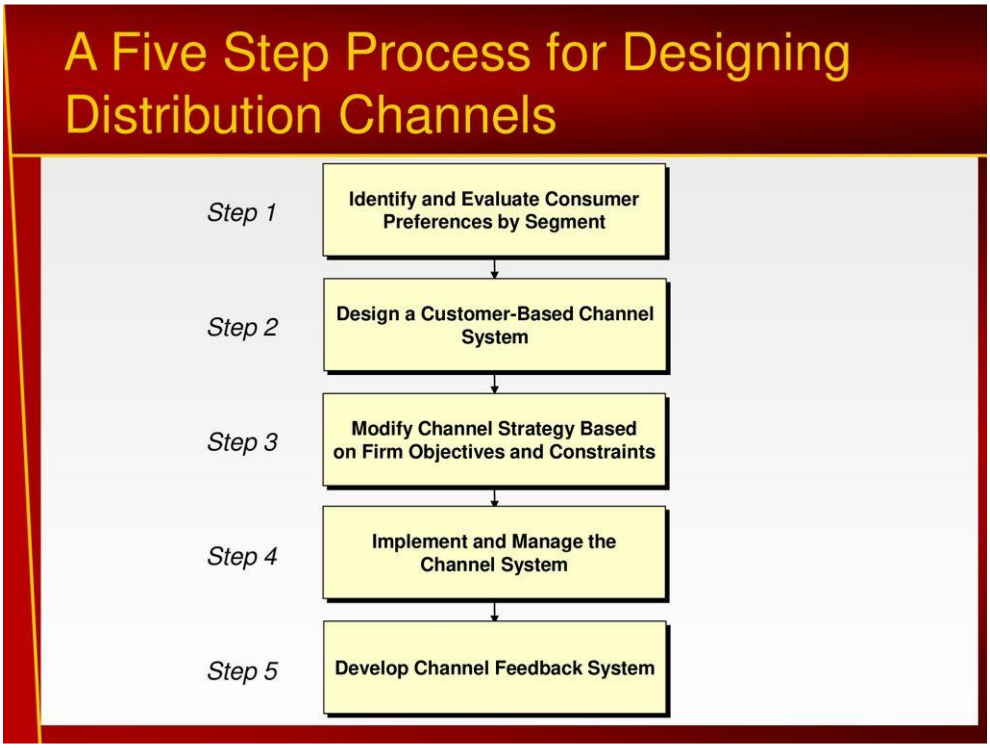
A wholesaler may specialize in the distribution of one product, or product category, or may offer a variety of goods. Additionally, a wholesaler may do business with particular business types or may have a more open selling policy. Wholesalers are often not involved in the actual production of goods, instead focusing on tasks more associated with distribution.In contrast to the services offered by an official distributor for a particular good or business, a wholesaler is unlikely to offer higher levels of product support. This is because a wholesaler is generally not supported directly by the company from which it purchases products and may have limited familiarity with the intricacies of the products themselves. Additionally, a wholesaler may be involved in the selling of competing products, which is generally not the case with a distributor.



Key Learnings:

- Any business selling / renting a product or service to a consumer is retailing
- A consumer selects a retailer based on price, location, merchandise selection, fairness in dealings, helpful sales people and other services
- Organized retail is growing strong and negotiating better terms from producer suppliers
- In India, up to 51% foreign investment is permitted in single brand businesses
- Most theories in retailing highlight the way in which retailer's progress through different stages line in a life cycle.
- Consumers look for convenience factors like location, access to products, visibility and quick transactions.
- Providing these elements could also help build competitive advantage for a retailer.
- Category is a basic unit for making buying decisions for a retailer.
- Category management focuses on right assortment, introduction of new products and effective promotions.
- Categories reflect the profile of the trading area of the retailer.
- The purpose of category management is to ensure both footfalls and stickiness.
- Format defines the physical features of the store and its service
- Trading area is the catchment area from where the customers of store come from
- Retail strategy is built on positioning, product offerings, merchandising and communication
- Retail performance is measured by utilization of space, inventory and manpower
- E-tailing is buying goods on the Internet

4.4 Designing Channel Systems



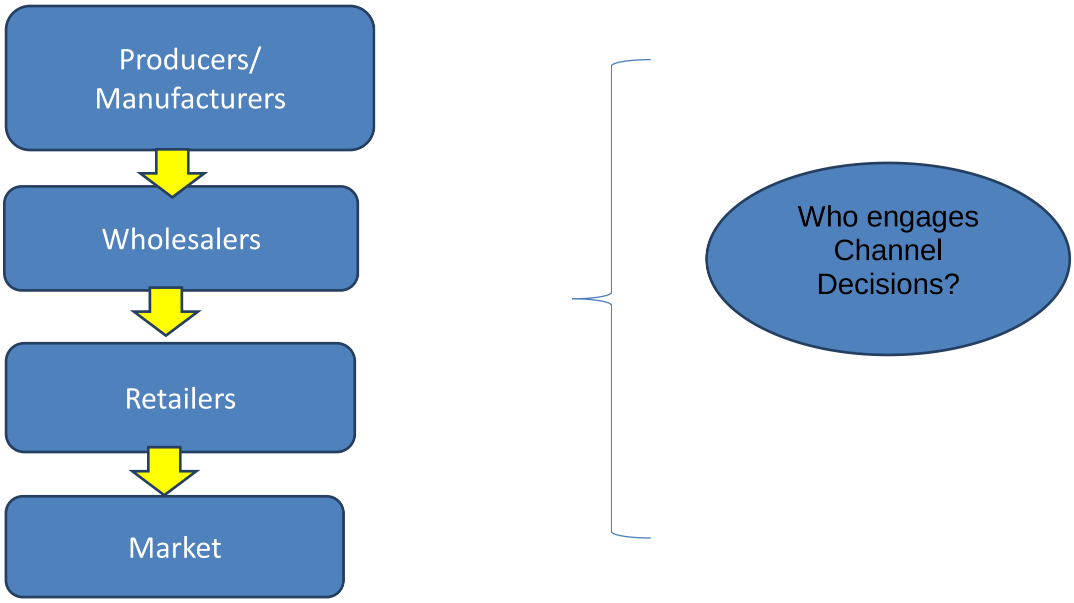
What is Channel Design?

There are variations in usage of the term 'design' of marketing channel:

- a noun to describe channel structure
- The formation of a new channel from scratch/ modifications to existing channels'Selection'
- It refers to those decisions involving the development of new marketing channels where none had existed before, or to modification of existing channels.

Key distinguished points associated with channel design:

- It is presented as a decision faced by the marketer (same as other marketing mix).
- It is used in the broader sense to include either setting up channels from the scratch or modifying existing channels (reengineering).
- The management has taken a proactive role in the development of the channel.
- The term 'selection' refers to only 1 phase of channel design (selection of the actual channel members).
- It is a strategic tool for gaining a differential advantage.



A channel partnership consists of agreements and procedures among channel members for order and physically distributing a producer's products through the channel to the ultimate consumer. A central feature of channel partnerships is the collaborative use of modern information and communication technology to better serve customers and reduce the time and cost of performing channel functions.

A Paradigm of the
Channel Design Decision

1. Recognizing the need for a channel design decision
2. Setting and coordinating distribution objectives
3. Specifying the distribution tasks
4. Developing possible alternative channel structures
5. Evaluating the variables affecting channel structures
6. Choosing the best channel structure
7. Selecting the channel members

Many situations can indicate the need for a channel design decision. Among them are the following

1. Developing a new product/product line
2. Aiming an existing product at a new target market (i.e. additional channel from b2b to b2c)
3. Making a major change in some other component of the marketing mix (i.e. new pricing policy emphasizing lower prices)
4. Establishing a new firm
5. Adapting to changing intermediary policies (i.e. if intermediaries begin to emphasize their own private brands, adding new distributors for the manufacturer may be needed.)
6. Dealing with changes in availability of particular kinds of intermediaries (i.e. reducing number of prestigious department stores in the U.S. affected French manufacturers of luxury goods)
7. Opening up new geographic marketing areas (territories)

8. Facing the occurrence of major environmental changes
9. Meeting the challenge of conflict or other behavioral problems (i.e. A loss of power by a manufacturer to his/her distributors or communication difficulties)
10. Reviewing and evaluating undertaking by a firm may point to the need for changes in existing channels/ need for new channels

Phase 1: In order to set distribution objectives that are well coordinated with other marketing and firm objectives and strategies, the channel manager needs to perform 3 tasks:

1. Become familiar with the objectives and strategies in the other marketing mix areas
2. Set distribution objectives and state them explicitly
3. Check to see if the distribution objectives set are congruent with marketing and other general objectives and strategies of the firm

Phase 2: Becoming familiar with the objectives and strategies in the other marketing mix areas

Frito Lay Good fun!

Uses almost 13,000 drivers/salespeople to deliver products directly to grocery stores

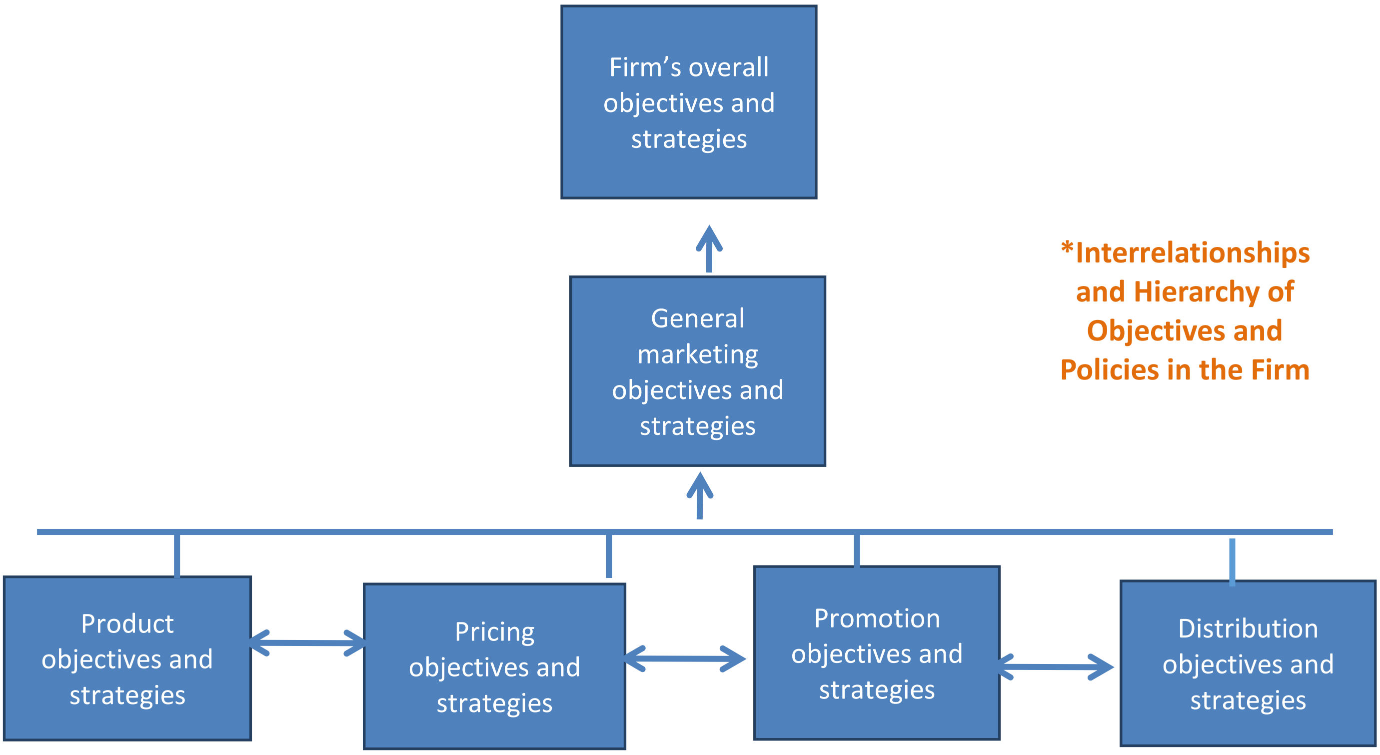
Longer shelf life

“Freshness”

2. **Set distribution objectives and state them explicitly**

Example:
IBM→ originally was to “have retailers displaying PCs within driving distance of anyone in the U.S. who wanted to buy one”.
Later, when IBM decided to use mail order channels, its distributor objective was broadened to “make its PCs directly available wherever its customers are”

3. **Check to see if the distribution objectives set are congruent with marketing and other general objectives and strategies of the firm**



***Interrelationships and Hierarchy of Objectives and Policies in the Firm**

The kinds of tasks required to meet specific distribution objectives must be precisely stated. For Example: Manufacturer of machinery for Effluent treatment plant mostly used by Industries to reduce pollutant must specify who will be target customers and the working location of such plants.

This can be easily achieved by following the steps as under:

1. Gather information on target market shopping patterns
2. Promote product availability in the target market
3. Maintain inventory storage to assure timely availability
4. Compile info. about product features
5. Provide for hands-on tryout of product
6. Sell against competitive products
7. Process and fill specific customer orders
8. Transport the product
9. Arrange for credit provisions
10. Provide product warranty service
11. Provide repair and restringing service
12. Establish product return procedure

4.5 Channel Management

What is Channel Management?

Channel management is the process of managing online distribution channels in order to sell hotel inventory to various agents across the globe. It is the only way to effectively reach a global audience without risking overbookings.

Channel management allows you to partner with large agents, such as OTAs, as well as smaller retail agents in different markets.

Using a pooled inventory model means that you're selling as many rooms as possible – through as many channels as possible – without the risk of overbooking.

Your inventory is updated automatically across all of your channels, so that guests have accurate information no matter where they are booking from.

The benefits of a Channel Manager

Your channel manager allows you to maximize your bookings and increase your revenue.

By giving a diverse range of agents the ability to sell your rooms, you will be able to sell all of your available inventory at any given moment. This is the most reliable way to continue to increase your revenue over time.

Your channel manager allows you to connect with markets that can be challenging to reach.

Different agents work with different types of travelers. By using a channel manager, you can partner with a wide variety of agents and begin introducing your property to travelers from every corner of the world.

What to look for in a Channel Manager

You don't want to invest in just any channel manager. You need one suited to your small accommodation needs.

Make sure you consider these two often overlooked items:

Number of channels. The more OTAs your channel manager connects you to, the more markets you can tap into. Make sure there's no additional fee based on how many channels you use.

Support and training. Invest in a channel manager that will have support staff available in order to help you navigate the system and connect with the maximum amount of agents.

Solid reporting. A good channel manager will allow you to easily track and measure which online sales channels are working. This gives you the knowledge you need to negotiate commissions and end partnerships that aren't working for you.

Definition: The term Channel Management is widely used in sales marketing parlance. It is defined as a process where the company develops various marketing techniques as well as sales strategies to reach the widest possible customer base. The channels are nothing but ways or outlets to market and sell products. The ultimate aim of any organization is to develop a better relationship between the customer and the product.

Description: Channel management helps in developing a program for selling and servicing customers within a specific channel. The aim is to streamline communication between a business and the customer. To do this, you need to segment your channels according to the characteristics of your customers: their needs, buying patterns, success factors, etc. and then customize a program that includes goals, policies, products, sales, and marketing program (1). The goal of channel management is to establish direct communication with customers in each channel. If the company is able to effectively achieve this goal, the management will have a better idea which marketing channel best suits that particular customer base. The techniques used in each channel could be different, but the overall strategy must always brand the business consistently throughout the communication (2).

A business must determine what it wants out of each channel and also clearly define the framework for each of those channels to produce desired results. Identifying the segment of the population linked to each channel also helps to determine the best products to pitch to those channels.

Channel management involves managing channels associated with reaching and satisfying the customer, managing partners who help with the process.

Channel management involves managing channels associated with reaching and satisfying the customer, managing partners who help with the distribution process and managing vendors who keep your internal controls working smoothly. Channel management successfully gains and maintains the cooperation of various organizations by aligning the enterprise as a whole with customer needs in mind. Each department and flow of information has the potential to impact customer service, affecting your entire organization and your reputation.

Effective channel management involves a partner relationship management (PRM) solution with a holistic viewpoint of the organization. Vendor management is a crossover channel often included in partner relationship management. When establishing your channel management solutions, set clear goals for each channel segment. Be sure to define policies and procedures to manage your channels. Identify which products you offer that are appropriate for a particular channel. Develop sales and marketing programs for each channel to meet their needs, not what you think their needs are. Communication is vital to success and increased profits.

1. Create a channel management system through enterprise alignment.
2. Incorporate partner relationship management as an integral part of your organization.
3. Establish a vendor management system to include risk management.

Identify channel management solutions:

Utilize a holistic viewpoint when identifying channel management solutions. Communication internally and externally is the key to successful channel management.

Identify PRM solutions

Partner relationship management is vital to channel management. Make sure PRM solutions match your company needs.

Identify vendor management software

Vendor management software is part of channel management but is a crossover aspect of partner relationship management. Identify your needs and how vendor management software can help you accomplish your goals, improve efficiency and increase profits.

Keeping up to date with technology and making sure your partners are on track with technology will help control the risk management involved with channel management.

Technology continues to change CRM and PRM, often causing process overlap. Technology updates, communication and enterprise alignment are vital to success. View your company as a whole and understand how each part interacts with the other from the smallest purchase at the local office supply store to complex technology systems. Do this without forgetting the most important aspect of your company, your customer.

The relationship a manufacturer has with its channel partners is critical to its bottom line. Manufacturers today often rely on indirect sales channels and external distribution networks, and the success of their business is dependent on these relationships. Without the proper care, these channel partnerships can turn sour, adversely impacting sales, profits, and even the reputation of a manufacturer. Channel managers at the enterprise are the ones responsible for this vital task.

Is your company getting the most sell-through possible from the channel partnerships currently in place? Are there opportunities to improve the relationships you have with channel partners, and therefore increase revenue through more effectively supporting the channel sales? A channel management strategy can help you answer both these questions.

The key to successful channel management is engagement. Think about this as the mindshare – or awareness – you have among the members of your channel partner network. How engaged or aligned are your channel partners with your brand? This is an important metric to consider, because engagement is a predictor of future financial performance. A successful channel management program is one that will maximize channel partner engagement. The higher the quality of engagement, the easier it is for the people who work within your re-seller network to do their job of selling and servicing your products every day.

Six characteristics of a successful channel management program

For maximum partner engagement, a channel management program will:

- ✓ Recruit and retain the right channel partners
- ✓ Onboard and educate channel partners quickly and efficiently
- ✓ Support channel partners with sales leads, marketing collateral, marketing strategies, etc.
- ✓ Monitor and manage to maximize the relationship
- ✓ Deploy a system that allows for lead management and pipeline visibility

Instead of addressing each of these items separately, best practices are to unify them within the framework of a partner relationship management strategy. Partner Relationship Management (PRM) is a business term that is used to describe the methodology and strategies for improving relationships between companies and their channel partners.

A key element of PRM strategies is to manage partner relationships using a PRM system, a set of tools that allows a manufacturer to better organize and manage its channel relationships. A PRM system can be looked at as both a technology solution and a business philosophy. Using a PRM system as part of its strategy, a company can meet the six characteristics of a successful channel management program listed above.

Model Questions

1. What is retail management?
2. Why is distribution required?
3. Who takes care of channel decisions?
4. Discuss the concept of Marketing Channel Concepts.
5. Explain the role ofChannel Participants.
6. What are the Behavioral Processes in Marketing Channels?
7. What is the significance of Franchising?
8. How has technology helped the distribution process?
9. What are the components of Distribution?
10. What is the role of Channel Manager?
11. Why is it required to manage a channel?
12. What are the critical functions of Channel distributers?
13. What is channel decision?
14. Explain the strategies used for Channel.
15. What is wholesaling?
16. Explain how designing channel will help in effective management of waste.
17. What the intermediaries in disposing domestic/industrial waste.
18. How is agricultural waste channelized and why it is significant?
19. What could be the possible ways to dispose waste of water intensive industry?

20. What is the scope of retailing as an institution in waste management?
    - **Things to do:**
    - https://www.youtube.com/watch?v=I0Zv9H-NTjk
    - https://www.youtube.com/watch?v=XeiVP24C24A

Watch this video and correlate your understanding and present it in the form of Project report.

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Chapter 5
Management of Logistics & SCM

Introduction

All the activities, associated with the procurement, sourcing, conversion and logistics management, is described underthe **supply chain management**. Above all, it comprises of the coordination and collaboration with the various parties like suppliers, intermediaries, distributors and customers. **Logistics Management** is a small part of Supply Chain Management that specifically deals with efficient ways to manage goods.

Supply Chain Management, it is a chain of events which refers to the connection, right from the suppliers to the ultimate end user (consumer).

It has been noticed that there is a drastic change in the manner how technology is playing crucial role in which business was conducted many years ago and now. Due to the advance technology, which leads to the development of all key areas of business. Supply Chain Management also evolved as an improvement over Logistics Management, from past years.

Learning Objectives

- ✓ Understand the need and scope of Logistics management.
- ✓ Study different components of logistics & supply change management.
- ✓ Describe how supply chain management functions in International Market.
- ✓ Exemplify the way technology in SCM.
- ✓ Illustrate how waste can be managed through recycling and reuse.

Structure

a. The need and scope of Logistics management.
b. Components of logistics & Supply Chain management.
c. Supply Chain Management in International Market.
d. Technology in SCM.
e. Managing Waste through recycling and reuse.

5.1 Definition & Scope of Logistics

Definition of Logistics Management:

The management process which integrates the movement of goods, services, information, and capital, right from the sourcing of raw material, till it reaches its end consumer is known as Logistics Management. The objective behind this process is to provide the right product with the right quality at the right time in the right place at the right price to the ultimate customer. The logistic activities are divided into two broad categories they are:

- **Inbound Logistics**: The activities which are concerned with procurement of material, handling, storage and transportation

- **Outbound Logistics**: The activities which are concerned with the collection, maintenance, and distribution or delivery to the final consumer.

Apart from these, other activities are warehousing, protective packing, and order fulfilment, stock control, maintaining equilibrium between demand and supply, stock management. This will result in savings in cost and time, high-quality products, etc.

Definition of Supply Chain Management

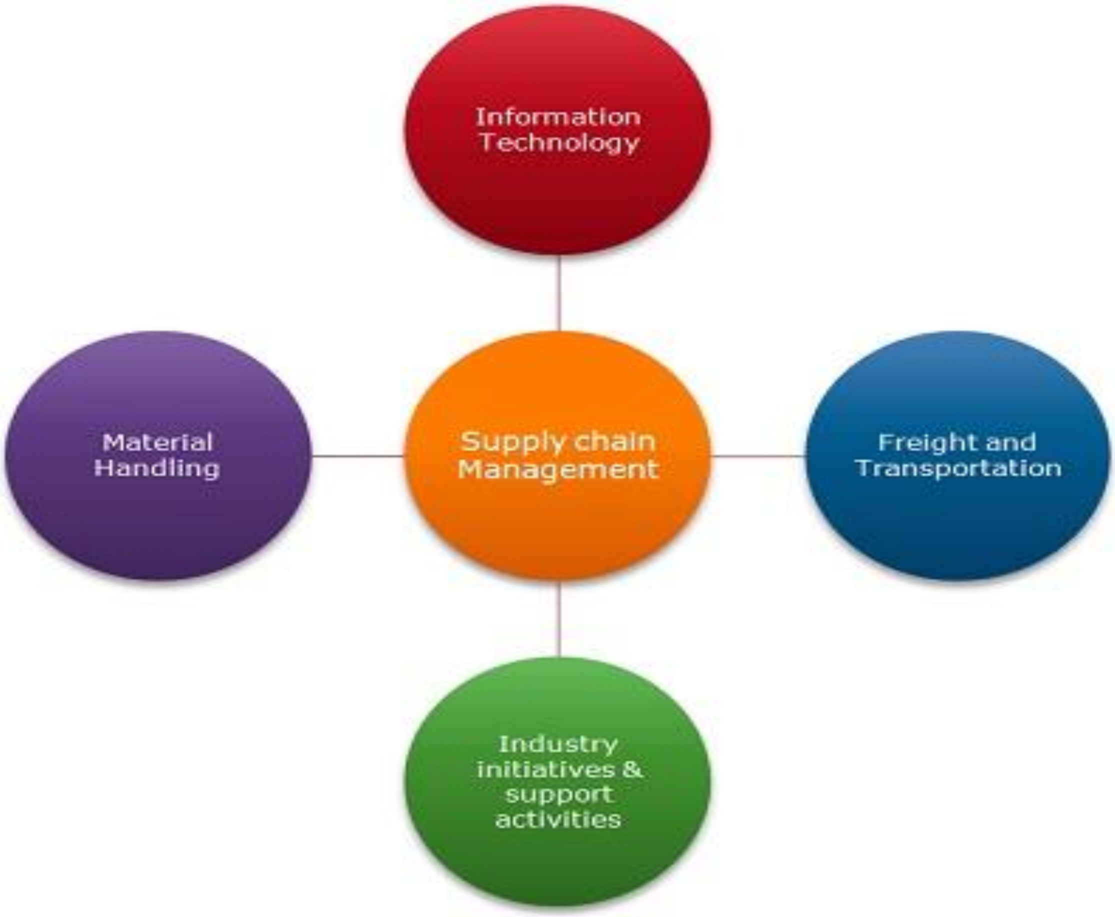
Supply Chain Management (SCM) is a series of interconnected activities related to the transformation and movement of raw material to the finished goods till it reaches to the end user. It is the outcome of the efforts of multiple organizations that helped in making this chain of activities successful.

These organizations may include the firms with whom the organization is currently working like partners or suppliers, manufacturers, wholesalers, retailers, and consumers. The activities may include integration, sourcing, procurement, production, testing, logistics, customer services, performance measurement, etc.

Supply Chain Management has a multi-dimensional approach which manages the flow of raw materials and works in progress (semi-finished goods) within the organization and the end product outside the organization till it reaches the hands of the final consumer with a complete emphasis on the customer requirement.

Table 1.5 Difference between Logistics & Supply Chain Management

BASIS FOR COMPARISON	LOGISTICS MANAGEMENT	SUPPLY CHAIN MANAGEMENT
Meaning	The process of integrating the movement and maintenance of goods in and out the organization is Logistics.	The coordination and management of the supply chain activities are known as Supply Chain Management.
Objective	Customer Satisfaction	Competitive Advantage
Evolution	The concept of Logistics has been evolved earlier.	Supply Chain Management is a modern concept.
How many organizations are involved?	Single	Multiple
One in another	Logistics Management is a fraction of Supply Chain Management.	Supply Chain Management is the new version of Logistics Management.



Key Differences between Logistics and Supply Chain Management

The following are the major differences between logistics and supply chain management:

1. The flow and storage of goods inside and outside the firm are known as Logistics. The movement and integration of supply chain activities are known as Supply Chain Management.
2. The main aim of Logistics is full customer satisfaction. Conversely, the main aim behind Supply Chain Management is to gain a substantial competitive advantage.
3. There is only one organisation involved in Logistics while some organisations are involved in Supply Chain Management.
4. Supply Chain Management is a new concept as compared to Logistics.
5. Logistics is only an activity of Supply Chain Management.

In waste management it is important to understand what kind of material is required to be transported, what will be the mode of transfer and where it is to be sent? All necessary precautions needs to be taken care of. It also depends on the nature of waste which is to be transported. Hazardous waste has entirely different requisite. Human resources are required to be trained in handling operations and utmost care has to be followed keeping in mind the safety aspects.

Logistics is a very old term, firstly used in the military, for the maintenance, storage and transportation of army persons and goods. Nowadays, this term is used in many spheres, not specifically in the military after the evolution of the concept of Supply Chain Management. It has also been said that SCM is an addition over Logistics Management as well as SCM comprises of logistics. Both are inseparable. Hence they do not contradict but supplement each other. SCM helps

Logistics to be in touch with the transportation, storage and distribution team.

5.2 Components of logistics & Supply Chain management:

Logistics systems are traditionally designed to handle product flows in one direction only.Product returns and waste management requirements have led to products flowing back from customers to suppliers and manufacturers.Unpredictability and lower volumes complicate the process.The environment has to be taken into account through environmental management systems, ISO 14000 and carbon footprint reduction.Closed-loop supply chains aim to achieve zero waste by integrating forward and reverse supply chain activities.

Environmentally sound supply chain management:

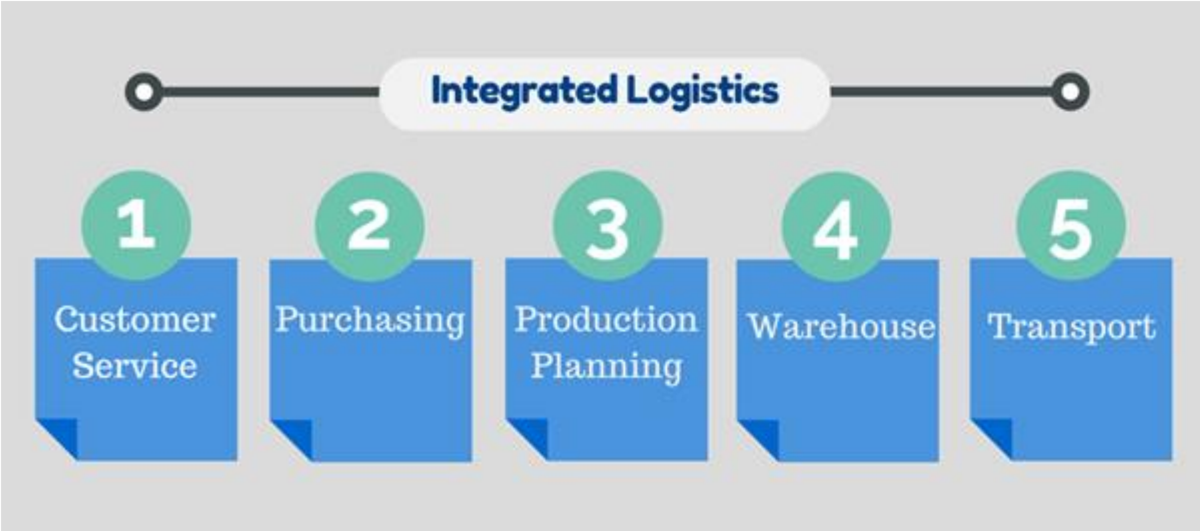
- ✓ Pressure from consumers, clients and government
- ✓ Compliance with composite framework of requirements identified on behalf of an organisation's stakeholders
- ✓ Legislative pressures traditionally main reason for change
- ✓ Sound environmental practices can have financial benefits
- ✓ Easily addressed in reverse logistics, packaging, transport and facility location/network design
- ✓ Internal and external collaboration around issues needed
- ✓ ISO 14000 – focus on environmental management:
  - Minimising harmful effects of activities
  - Continual improvement in environmental performance
- ✓ Requirements and guidelines for an EMS:
  - ID and control
  - Continuously improve
  - Systematic approach
- ✓ Beware of fragmented procedures, conflicting interests and lack of customer focus

Carbon footprint:

- ✓ Measure greenhouse gases produced in units of CO_2
- ✓ Fossil fuel combustion is the main source

Closed-loop supply chains:

- ✓ Forward and reverse logistics activities combined into a single system
- ✓ Zero-waste supply chain
- ✓ Maximise reuse, recycling and composting of materials
- ✓ Return products to manufacturer at end of useful life

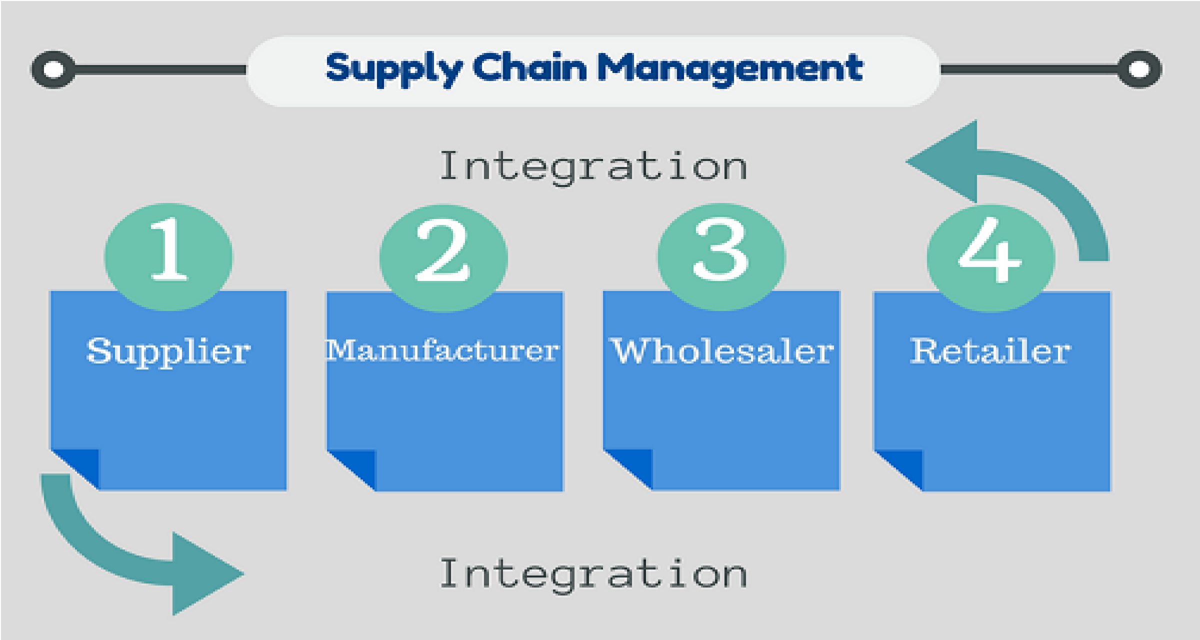


The logistics system consists of the following components: Customer service, Inventory management, Transportation, Storage and materials handling, Packaging, Information processing, Demand forecasting, Production planning, Purchasing, Facility location and other activities.

Other activities for a specific organization could include tasks such as after-sales parts and service support, maintenance functions, return goods handling and recycling operations.

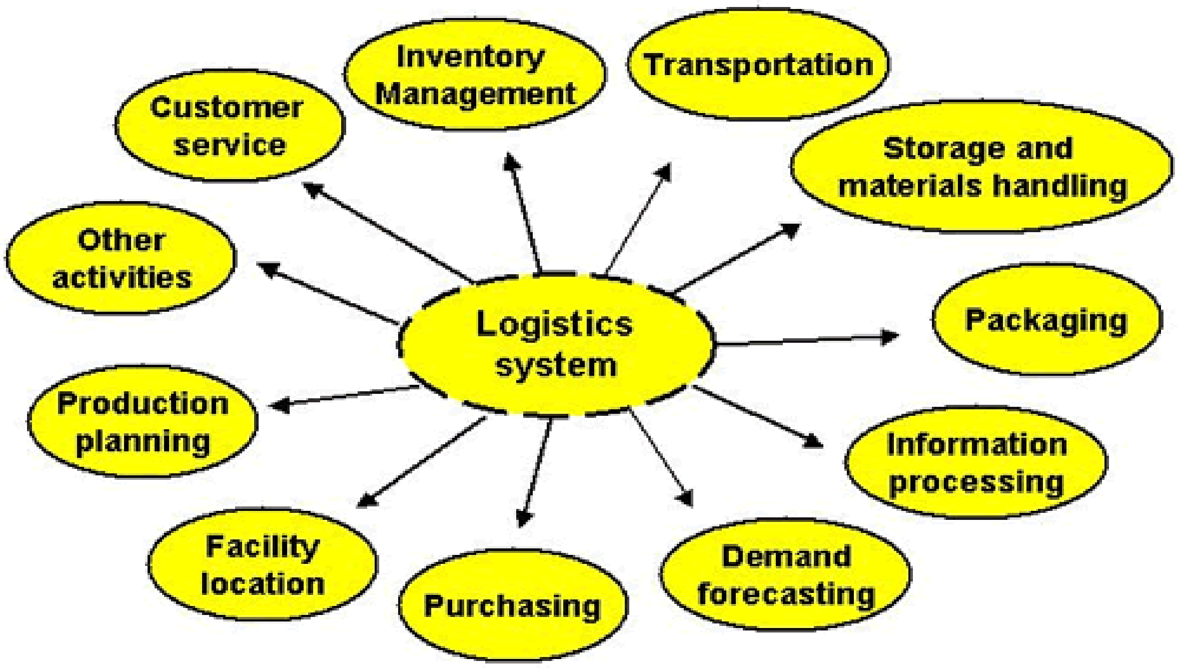
Clearly any one organization is unlikely to require all these specific tasks to be accomplished. For example, a service firm such as an airline might combine elements from the information processing, maintenance, demand forecasting, customer service, and purchasing functions into a logistics system designed to reach its customers. On the other hand, a manufacturer of consumer goods may draw from transportation, inventory management, storage, materials handling and packaging in addition to customer service, purchasing and demand forecasting for their logistics support.

The point is that every organization, be it manufacturer or service provider, for-profit or non-profit, has customers that it wants to reach. By integrating the appropriate functions into a customer-focused logistics system, the enterprise can develop a sustainable advantage that is very difficult to be imitated by a competitor. Some of these activities have traditionally had a well-defined stand-alone role within a company (purchasing, production, information processing), while others have generally been more closely associated with logistics (transportation, warehousing, packaging). What ties all of these functions together is their ability to improve customer satisfaction. This is not to say that production, for example, should be subordinate to logistics. Rather top management should utilize logistics as a way to integrate these corporate activities and keep them focused on the customer rather than on internal processes.



End-to-end process delivery

- ✓ Supply chain integration of refurbishment, repair and reuse programmes
- ✓ Management of waste removal and treatment
- ✓ Collection of end-of-life products
- ✓ Network of hazardous and confidential material specialists
- ✓ Broad range of recycling and reuse solutions
- ✓ Consistent reduction of costs and environmental impact



The main purpose of packaging are to hold its contents securely to prevent leakage and breakage, to protect the foods from different hazard like germs, heat, moisture loss or moisture pick up, etc. To protect the contents while distribution, etc. For all types of packaging, there are different types of packages.

The different types of packages can be classified into two groups:
Retail containers: These containers protect food or the content from different damages and at the same time they advertise the product for retail sale. For example, glass bottles, sachets, over wraps, plastic bottles, metal cans, etc. They can be used for home storage also.
Shipping containers: These containers contain and protect food and other items during distribution and transport or any other marketing function. For example, sacks, stretch, or shrink wrapped containers, corrugated fire board cartons, drums, barrels, crates, and foil bags.
Industrial packaging materials are different from the traditional packaging materials. In addition to material, attractive design also preferred.
Packaging comes in many different forms, based on technical requirements throughout the supply chain, as well as marketing needs (like brand identity or consumer information) and other criteria. Packaging is very essential to every and to any type of industry. Whether you're in the food business, clothes manufacturing or you're in the technology industry, packaging is crucial. It protects the product from any potential damage that will deem the product useless. Thus a good packaging system is a must.
Having a high-quality taping machine and a case erector will definitely aid in achieving the very essence of packaging that is to secure the product and to keep its original state or how it was after production. Packaging will only vary in every industry depending on how the product will be marketed. Different industries will definitely use different types of packaging but the objective will still remain constant. As most businessmen would always say packaging can be the difference in successfully shipping a product to the market in one piece or in pieces.

Paper is widely used because it is low cost, holds its shape, and is easily decorated. Commercially-available paper is predominantly made from cellulose fibre from pulped wood, but can also be made from other sources such as cotton, straw, sisal and hemp. All are recyclable.

Glass is a popular and useful packaging material because it is:

- ✓ Inert
- ✓ Sterilisable
- ✓ Barrier to moisture and gas
- ✓ Pressure resistant to a degree
- ✓ Can be moulded into a variety of shapes
- ✓ Transparent making the product visible
- ✓ Glass is also highly recyclable

The most obvious drawback is fragility and the danger of broken glass. The transparency of glass can be a problem where the product is degraded by light.
Glass can be directly decorated but is most commonly labelled.

The metals used in packaging are predominantly tin-plate or aluminium and are used to make food and drink cans, aerosol cans, tubes, drums and slip or hinged lid Drums ,Drums boxes for gift sets and selections of confectionery or biscuits. All packs are recyclable.
Tin-plate is tin-plated steel and the most common material used in food cans. Steel can also be used un-plated or with coatings.
Aluminium is used for drinks cans, closures, trays, tubs and tubes. As foil it can be used in multi-laminate constructions or as a blister pack or container seal.
Metal can be exploited to produce the following packaging characteristics:

- ✓ Strong and rigid
- ✓ Barrier to gas and moisture
- ✓ Pressure resistant
- ✓ Temperature and pressure resistant / tolerant
- ✓ Corrosion resistance via coatings
- ✓ Sterilisable
- ✓ Directly decorated or labelled

The limitations of metal packaging are in weight and shapes achievable, especially when compared to plastics.

Plastics: This is the most common packaging material and, at the same time, one of the most difficult to dispose of. The factors common to all plastics are that they are light, strong cheap to manufacture. It is for these reasons that they are used so much, as an alternative to cardboard glass packaging materials.
Plastics can be used as single materials or in combination. Their properties vary considerably but usually include:

- ✓ Lightweight
- ✓ Easily mouldable into almost limitless shapes
- ✓ Can produce rigid containers or flexible films
- ✓ Can be impact resistant
- ✓ Directly decorated or labelled
- ✓ Heat sealable

The relative disadvantages of plastics are typically polymer specific and the correct choice of polymer can to a practical degree mitigate the weakness. Factors to consider are:

- ✓ No plastic provides absolute gas and moisture barrier
- ✓ Plastics melt at temperatures ranging from 650°C to 2,300°C
- ✓ Chemical resistance varies
- ✓ Additives in plastics can contaminate some products.

Wood, bamboo and cork are other Bio-degradable packaging material.

Transport of Hazardous Waste

Hazardous waste generated at a particular site often requires transport to an approved treatment, storage, or disposal facility (TSDF). Because of potential threats to public safety and the environment, transport is given special attention by governmental agencies. In addition to the occasional accidental spill, hazardous waste has, in the past, been intentionally spilled or abandoned at random locations in a practice known as “midnight dumping.” This practice has been greatly curtailed by the enactment of laws that require proper labelling, transport, and tracking of all hazardous wastes.

Transport vehicles

Hazardous waste is generally transported by truck over public highways. Only a very small amount is transported by rail, and almost none is moved by air or inland waterway. Highway shipment is the most common because road vehicles can gain access to most industrial sites and approved TSDFs. Railroad trains require expensive siding facilities and are suitable only for very large waste shipments.

Hazardous wastes can be shipped in tank trucks made of steel or aluminum alloy, with capacities up to about 34,000 litres (9,000 gallons). They also can be containerized and shipped in 200-litre (55-gallon) drums. Specifications and standards for cargo tank trucks and shipping containers are included in governmental regulations.

Hazardous wastes that are not destroyed by incineration or other chemical processes need to be disposed of properly. For most such wastes, land disposal is the ultimate destination, although it is not an attractive practice, because of the inherent environmental risks involved. Two basic methods of land disposal include landfilling and underground injection. Prior to land disposal, surface storage or containment systems are often employed as a temporary method.

Temporary on-site waste storage facilities include open waste piles and ponds or lagoons. New waste piles must be carefully constructed over an impervious base and must comply with regulatory requirements similar to those for landfills. The piles must be protected from wind dispersion or erosion. If leachate is generated, monitoring and control systems must be provided. Only non-containerized solid, non-flowing waste material can be stored in a new waste pile, and the material must be landfilled when the size of the pile becomes unmanageable.

A common type of temporary storage impoundment for hazardous liquid waste is an open pit or holding pond, called a lagoon. New lagoons must be lined with impervious clay soils and flexible membrane liners in order to protect groundwater. Leachate collection systems must be installed between the liners, and groundwater monitoring wells are required. Except for some sedimentation, evaporation of volatile organics, and possibly some surface aeration, open lagoons provide no treatment of the waste. Accumulated sludge must be removed periodically and subjected to further handling as a hazardous waste.

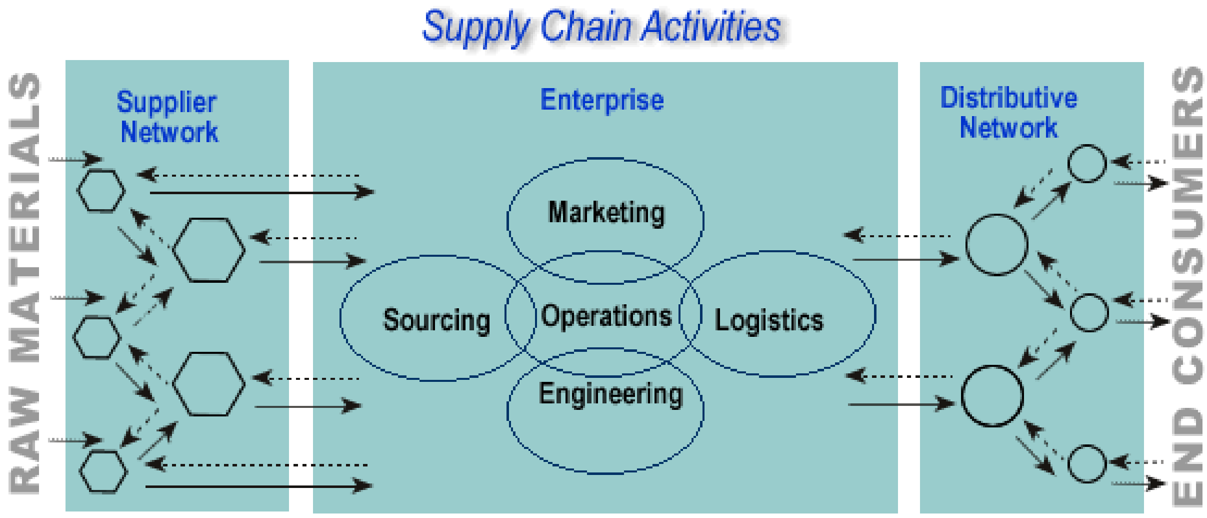
Many older, unlined waste piles and lagoons are located above aquifers used for public water supply, thus posing significant risks to public health and environmental quality. A large number of these old sites have been identified and scheduled for clean-up, or remediation.
Secure landfills

Landfilling of hazardous solid or containerized waste is regulated more stringently than landfilling of municipal solid waste. Hazardous wastes must be deposited in so-called secure landfills, which provide at least 3 metres (10 feet) of separation between the bottom of the landfill and the underlying bedrock or groundwater table. A secure hazardous-waste landfill must have two impermeable liners and leachate collection systems. The double leachate collection system consists of a network of perforated pipes placed above each liner. The upper system prevents the accumulation of leachate trapped in the fill, and the lower serves as a backup. Collected leachate is pumped to a treatment plant. In order to reduce the amount of leachate in the fill and minimize the potential for environmental damage, an impermeable cap or cover is placed over a finished landfill.

Key Learning

- The returns management process
- The role of reverse logistics in returns management
- The way in which reverse logistics is managed
- The reasons for returning products
- The stages through which returned products move
- The difference between product recovery and waste management
- Environmentally sound supply chain management
- ISO 14000
- The concept of closed-loop supply chains

5.3 Supply Chain Management in International market



A global supply chain is a dynamic worldwide network when a company purchases or uses goods or services from overseas. It involves people, information, processes and resources involved in the production, handling and distribution of materials and finished products or providing a service to the customer.

Inventory management and warehouse management are similar functions, and sometimes are used synonymously in practice. However, they are distinct concepts, and it's important for a business to know the difference. This is especially so if they are considering buying specific software packages, that are becoming more commonly used and vital to business success in the current decade.

Similarities between Warehouse Management and Inventory Management

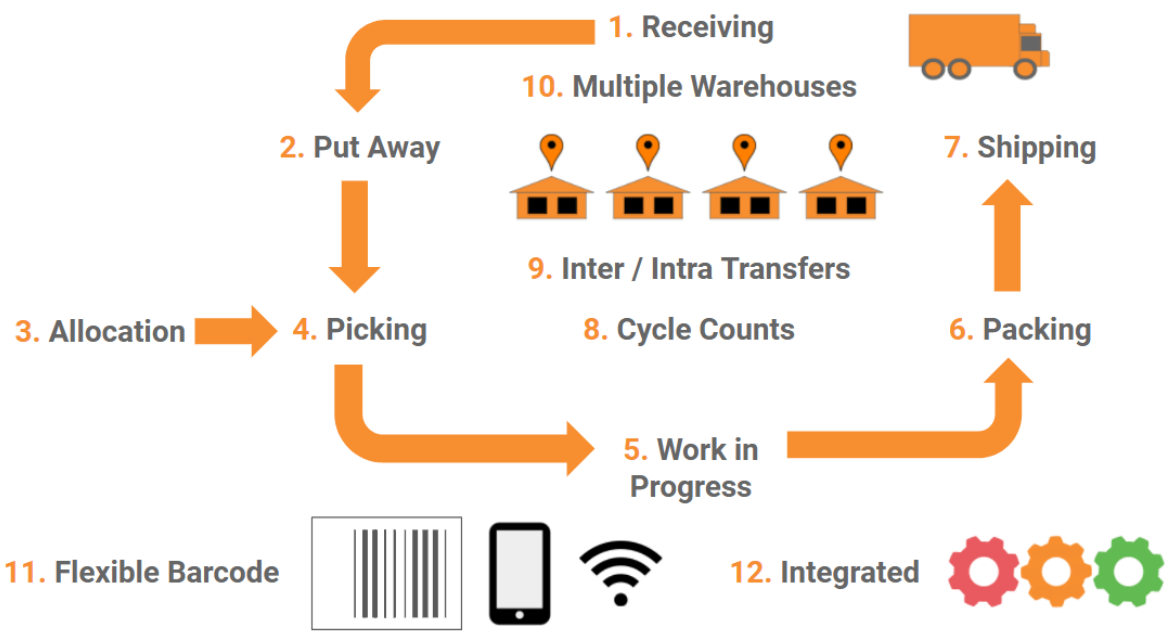
Before going into the differences between inventory management and warehouse management, it's first useful to point out their similarities. Both involve monitoring product levels – tracking parts and products with barcodes, cycle counting, picking, packing, and shipping items, and receiving orders into existing inventory.

Differences

One commonly noted difference between them is that warehouse management is more complex. This is true to the extent that it's a more focused and detailed system for the operations in a business's warehouses. Management systems will typically divide warehouses into many compartments and bins, allowing specific items to be located in a specific area of the warehouse when needed. By contrast**,** inventory management is more product-detail oriented, and not simply focused on what is in the warehouse. So for example, where a warehouse management system can give the precise location of an item within a warehouse, an inventory management system will typically tell the user which warehouse an item is located in.

Warehouse management is not just about locating items, however, it also precisely controls what happens in the warehouse. For example what actions warehouse staff take and when, how items are stored and treated, and what processes are to be used for different items in the warehouse. Some systems integrate warehouse management software with equipment such as forklifts, packaging machines, and conveyor systems, making the warehouse even more streamlined and efficient.

Inventory management is less equipment-specific than warehouse management, but depending on the inventory management system used by a business it can be equally complex and connected to the business's operations – assisting in multiple facets of operations. It can track key performance drivers like sales, average mark-up, and profit margins, which decision-makers can then analyse. It can assist with the purchase of new inventory, allowing the user to plan how much to buy, from whom, and in what currency. It can track inventory as it's moved between locations. It can also provide integration across segments of the business, for example when the retailer needs an item, it can directly let the manufacturer know that more stock is required. Inventory management can be deeply complex if the system used by the business allows these functions to be performed.



Dispersed over a larger geographical area, Offers many more opportunities than just the domestic supply chain , Risk factors are also present , International Supply Chains , International distribution systems , Manufacturing still occurs domestically, but distribution and typically some marketing take place overseas. International suppliers, Raw materials and components are furnished by foreign suppliers, Final assembly is performed domestically. In some cases, the final product is then shipped to foreign markets. Offshore manufacturing , Product is typically sourced and manufactured in a single foreign location, Shipped back to domestic warehouses for sale and distribution , Fully integrated global supply chain , Products are supplied, manufactured, and distributed from various facilities located throughout the world.

Forces toward Globalization

- ✓ Global market forces.
- ✓ Technological forces.
- ✓ Global cost forces.
- ✓ Political and economic forces.

Global Market Forces: Pressures created by foreign competitors, as well as the opportunities created by foreign customers. Presence of foreign competitors in home markets can affect their business significantly. Much of the demand growth available to companies is in foreign and emerging markets. Increasing demand for products throughout the world through the global proliferation of information. Particular markets often serve to drive technological advances in some areas. Companies forced to develop and enhance leading-edge technologies and products. Such products can be used to increase or maintain market position in other areas or regions where the markets are not as competitive. **Technological Forces:** Related to the products. Various subcomponents and technologies available in different regions and locations. Successful firms need to use these resources quickly and effectively. Locate research, design, and production facilities close to these regions. Frequently collaborate, resulting in the location of joint facilities close to one of the partners. Global location of research-and-development facilities driven by two main reasons: As product cycles shrink, locate research facilities close to manufacturing facilities. Specific technical expertise may be available in certain areas or regions.

Global Cost Forces: Often dictate global location decisions. Costs of cheaper unskilled labour more than offset by the increase in other costs associated with operating facilities in remote locations. In some cases cheaper labour is sufficient, which justifies for overseas manufacturing. Other global cost forces have become more significant. Cheaper skilled labour is drawing an increasing number of companies overseas.

Political and Economic Forces: Exchange rate fluctuation. Regional trade agreements. Tariff system. Trade protection mechanisms. More subtle regulations. Local content requirements. Voluntary export restrictions. Government procurement policies.

Risk Management

Outsourcing and offshoring imply that the supply chain is geographically more diverse and hence more exposed to various risks. Recent trends toward cost reduction, lean manufacturing and just-in-time imply that in a progressive supply chain, low inventory levels are maintained.

Sensing and Responding

- ➢ Speed in sensing and responding can help the firm overcome unexpected supply problems

- Failure to sense could lead to:
- Failure to respond to changes in the supply chain
- Can force a company to exit a specific market 10-20 Sensing and Responding

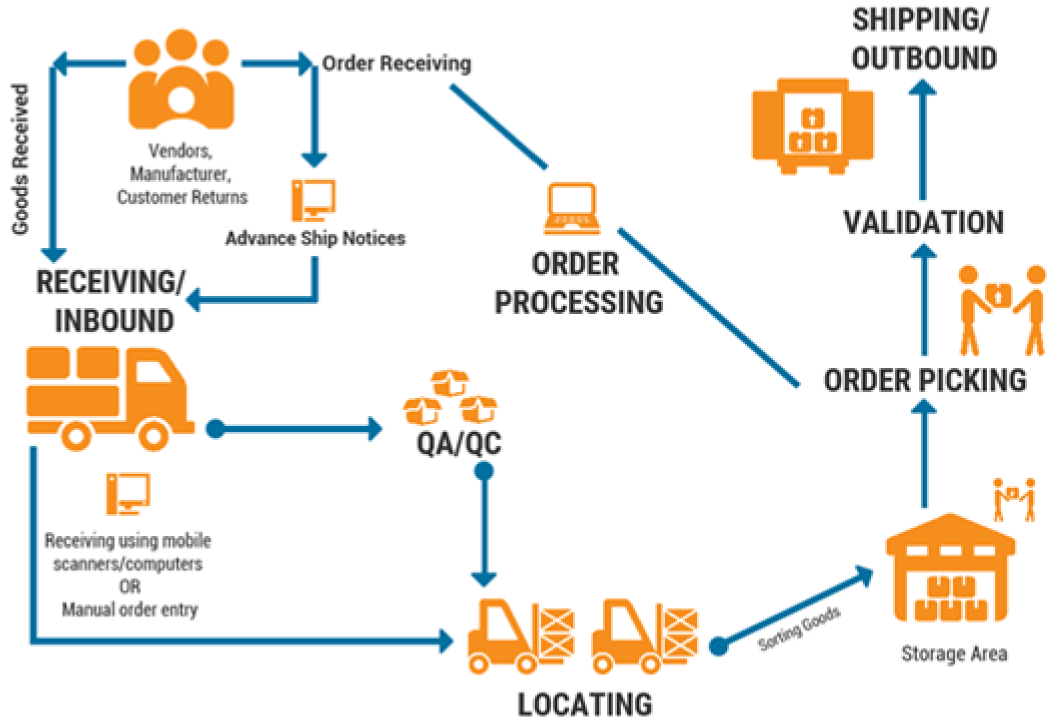
Example

Different responses of Nokia and Ericsson on a fire at one of the supplier's facility.

- Supplier was Philips Semiconductors in Albuquerque, NM.
- Nokia: Changed product design to source components from alternate suppliers.
- For parts that could not be sourced from elsewhere
- Worked with Philips to source it from their plants in China and Netherlands.
- All done in about five days

Ericsson's experience was quite different:

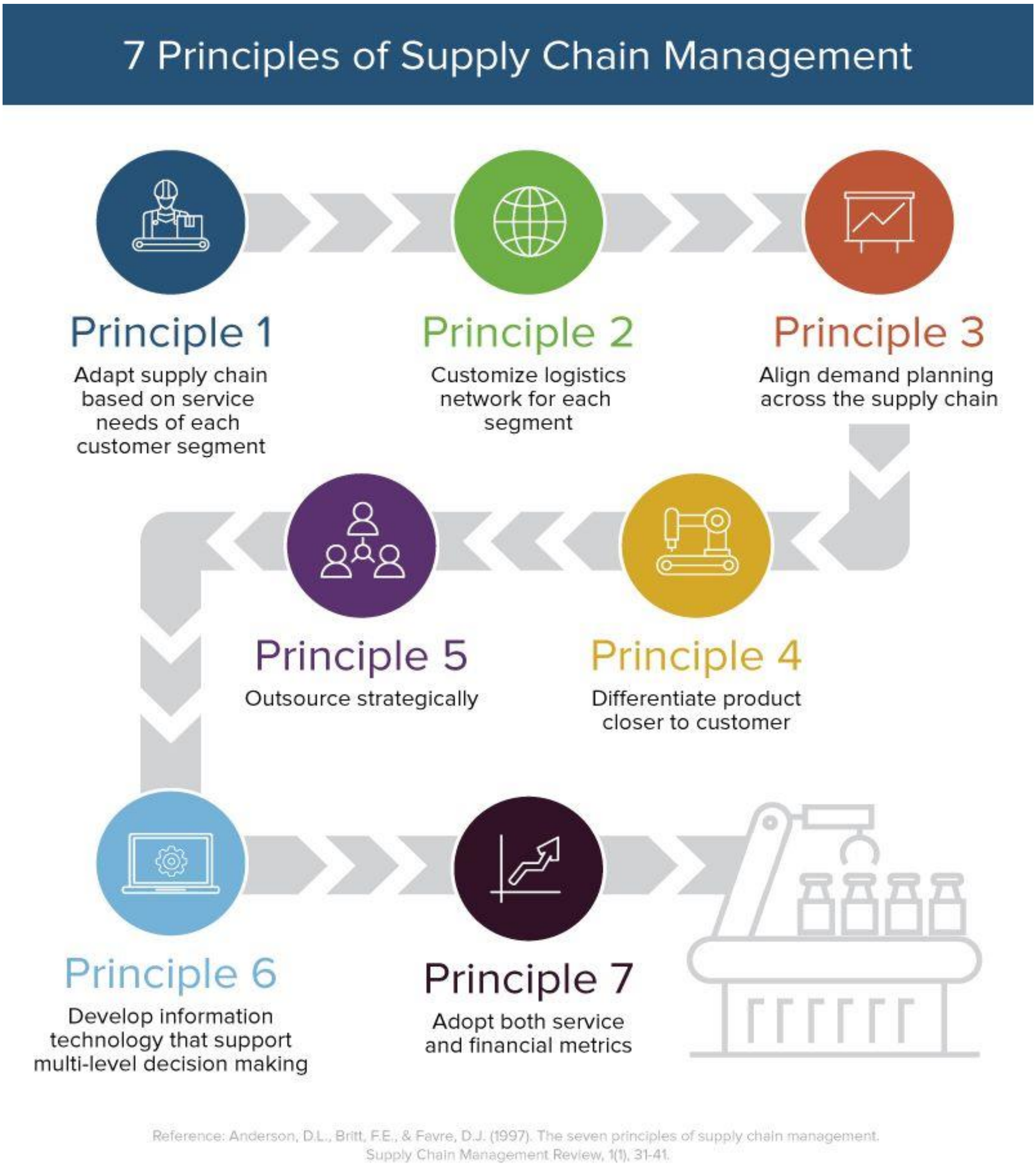
- Took 4 weeks for the news to reach upper management
- Realized five weeks after the fire regarding the severity of the situation.
- By that time, the alternative supply of chips was already taken by Nokia.
- Devastating impact on Ericsson
- $400M in potential sales was lost
- Part of the loss was covered by insurance.
- Led to component shortages
- Wrong product mix and marketing problems caused: $1.68B loss to Ericsson Cell Phone Division in 2000. Forced the company to exit the cell phone market



Global Integration Strategy:

Production. Excess capacity and plants in several regions are essential .Effective communications systems must be in place. Centralized management is essential .Inter-factory communication needs to be established .Centralized management should make each factory aware of the system status. Demand management. Setting marketing and sales plans based on projected demand and available product. Has to have at least some centralized component. Sensitive, market-based information best supplied by analysts in each region. Communication is critical. Order fulfilment. Centralized system. Regional customers must be able to receive deliveries from the global supply chain with the same efficiency as they do from local or regionally based supply chains.

5.4 Technology in SCM



One of the most important business areas in any industrial facility is, of course, the supply chain. This is the point of operations that not only determine distribution efficiency but also the quality of the product a customer buys. Supply chain management is a key component of productivity and this has necessitated a paradigm shift in the way it is done. One of the most significant changes is the adoption of modern technology to enhance efficiency and accountability in the entire supply chain.

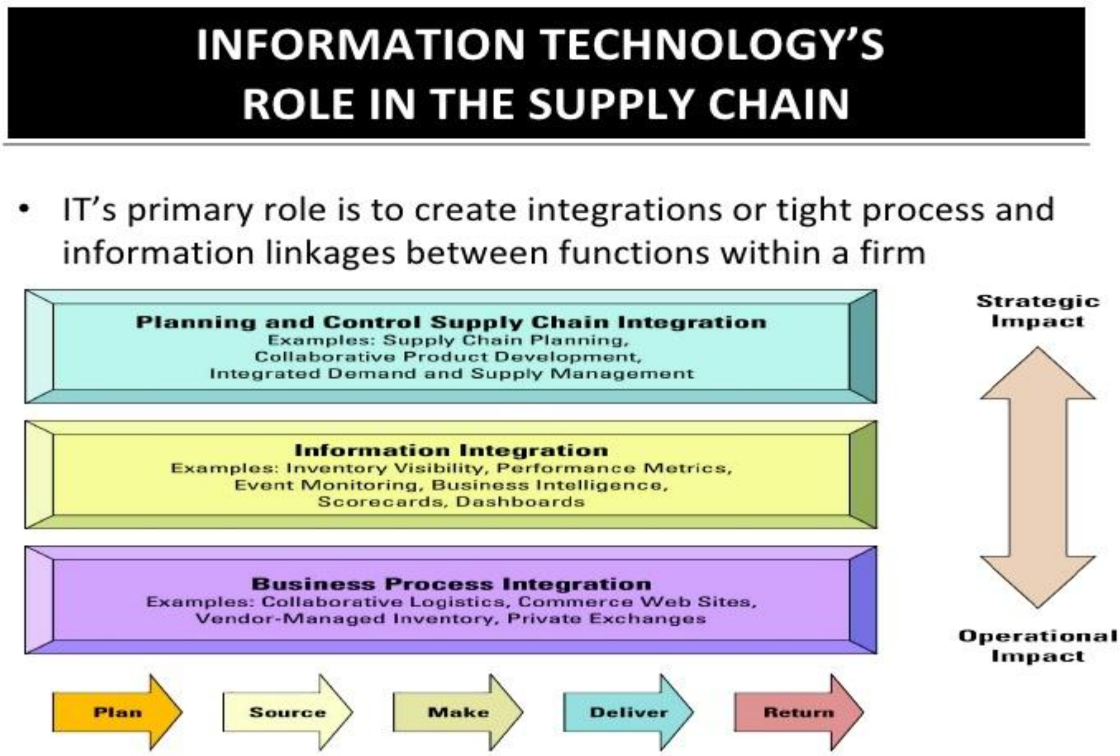
Computerized chain management has revolutionized modern business by allowing for better visibility and tracking. The technology allows for real-time monitoring of the entire chain including shipping and invoicing. The dynamism in technology products including smartphones, GPS devices, and tablets among others has also seen a steady rise in portable supply chain technology which is invaluable in monitoring the supply chain using wireless technology.

The key take away from this revolutionary technology is, of course, the flexibility it offers logistical managers in tracking and monitoring the entire chain. Supply managers can now make adjustments on the fly which averts disruptions in the supply chain. This in enhances customer satisfaction.

Global brands such as The John Deere Company are leveraging logistic management software to improve productivity in the supply chain. Others like Nike, in collaboration with DHL Supply Chain, are leveraging this technology to enable real-time monitoring of the warehousing and distribution process. In simple speak, integrating technology in supply chain management ensures:

- Reduction in operational costs
- Improved efficiency through reduction of errors
- Greater customer satisfaction on the other end.

To appreciate the need for supply chain management (SCM) technologies, consider some practical innovations that have been adopted by industry leaders:



Radio technology

one of the greatest headaches for any supply chain manager is the increase in anomalies when an order is in transit. This not only leads to losses but eventually also has a negative impact on a brand. If a product is lost during transit, the supplier bears all the costs and moreover, they have to bear with the ensuing cost of disruption. By adoption of Radio Frequency Identification (RFID) technology, a company can effectively monitor every product both at the production line and in the supply line. RFID chips are placed on all items which helps employees to quickly detect any anomalies in an order. It is an innovative way of correcting a problem before it ruins the entire supply chain.

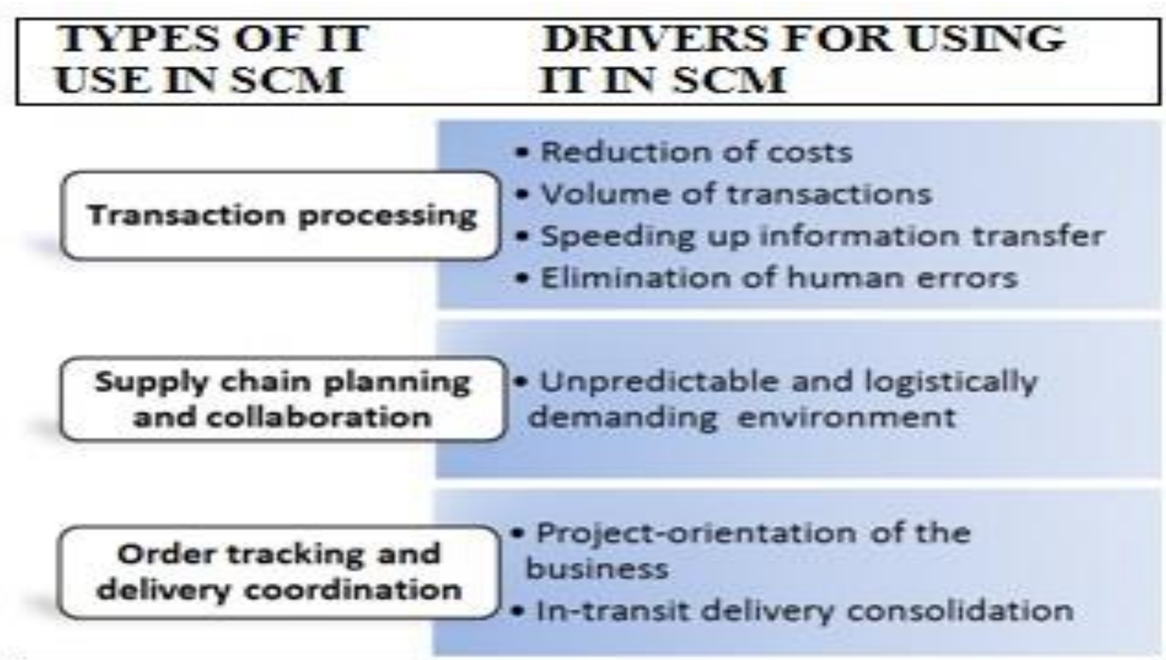


Figure: 1

Advanced Weighing Technology

One of the greatest encumbrances in the supply chain is in the weighing process. Outdated truck scales are still used in most industrial facilities which greatly compromise efficiency. Luckily, modern technology includes the ingenious onboard truck scales.Hese allow for seamless operations when access to platform scales is not available. The scales measure payload weight and the truck's gross weight. They enhance productivity by ensuring a truck carries the maximum weight right from the point of loading while also saving time and money. The on board truck scales have also been adopted as a safety guarantee to ensure operators within a warehouse for instance only carry the allowed weight on their lifts.

Social Media Revolution

There are over 1.3 billion Facebook monthly active users (MAUs) and about 320 million MAUs. With such numbers, it makes more sense for modern businesses to leverage the power of social media to optimize their supply chain operations. It is an ingenious way to open more channels and remain in touch in real-time with all stakeholders in the supply chain. It is easy to respond to questions, report in real-time about incidences in the supply chain, report price changes, and also enhance visibility of the company.

Transport Management Software

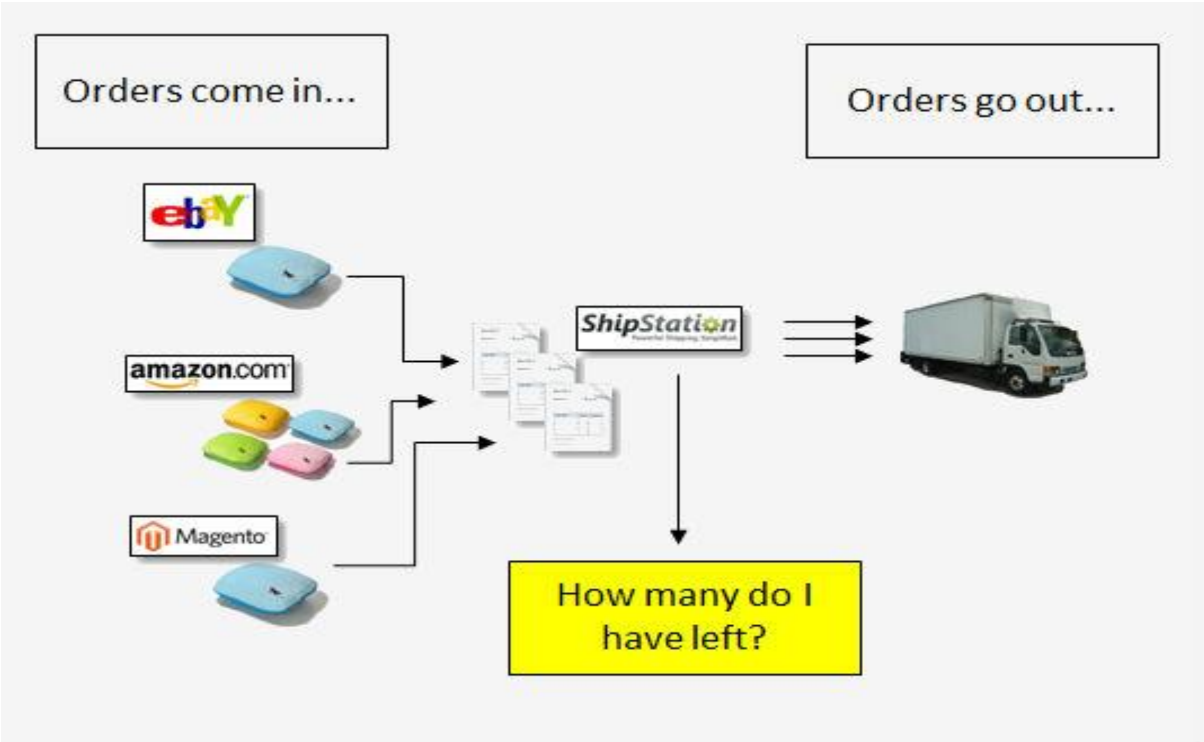
Computerized supplies management is the future of the business. The use of computerized shipping and tracking systems helps to integrate all operations from one panel. Moreover, it is now possible to have such a panel in your mobile device meaning you can organize your inventory data, manage shipping, monitor distribution and create an electronic bill of landing, all in the comfort of your office or while on the go. This enhances customer experience and reduces errors in the entire process.

Data Analytics

The 21st century has aptly been labelled the information age and this is because of the amount of data readily available. Every new tool is generating copious volumes of data that is driving intelligence which the supply chain management can use effectively. Think of all sources of data from RFID, customer surveys, CRM transactions and call centre logs and you appreciate that supplies management will soon be driven by big data just like the modern stock exchange market.

Conclusion

The whole idea of adopting technology in supplies management is to simplify the process, thus eliminating redundancy. By allowing a seamless process, modern technology will not only help reduce costs but also minimize the risks imminent in the supply chain. This is an innovative way to stay ahead of the competition by enhancing customer satisfaction and improving efficiency.



5.5 Managing Waste through Recycling and Reuse

Every business generates waste and how that waste is managed is critical. You must strive to keep your organization's waste away from landfills and identify opportunities to manage waste better.

Here are 5 waste management tips that may come handy:

Measure the Waste

Measure the amount of waste that is being collected from different sites. It is common to weigh the skips and convey the amount to an organization via bills from the waste management company, but smaller bins or collection of sacks aren't weighed or recorded. Carry out a quick visual assessment by examining the bins that are presented for collection.

Check before the collection truck arrives and see how full they are. Even if they are differently sized bins, just note down their sizes and estimate how full they are, and how often the waste is collected. Once you have all the required information, you will know exactly how much waste material your business produces within a given time frame.

Curb the Amount of Waste Going to Landfill

Most of the generated waste finds itself in landfills at the end of its journey. Landfill waste has severe economic as well as environmental impact. Moreover, it has a slow decomposition rate taking thousands of years, which means that several acres of land, which could otherwise be used for setting up industries or residential areas, will be effectively deemed as useless.

As a business, you must try to identify opportunities in the following:

- Reducing waste: Figure out different ways to reduce the overall waste when you obtain goods and services or change the way you operate that can help in reducing waste
- Reuse materials: Would other local businesses have a use for the waste materials you produce?
- Recycle materials: Identify all the materials that can be targeted for recycling

Identify Local Collectors

Having an idea of how much material your business produces over a stipulated period of time and the different kinds of materials that can be diverted from the landfill will help you identify the most suitable waste and recycling collection contractors. Check the list of private as well as local government recycling services, which include collection, transport or drop-off points in your city. You can also search by type of material and location to easily find the recycling services that would be suitable for your business.

It is important that you choose the most appropriate collection arrangement for the recoverable materials you produce. Ask your current waste service provider, whether he is a private operator or part of the local council, what is the most suitable collection arrangement for your business. When you are investigating what materials can be recycled, consider the impact your waste or recycling contract arrangements will have on your ability to recycle. For instance, make sure that your

recycling bin is large enough to hold the waste for a week if the recycling is picked up on a weekly basis. If not, you can change your contract to have your bin picked up more often.
Evaluate your current contract offers and how it affects your waste and recycling practices. Consult with an independent legal advice if necessary.

Invest in Trash Compactors

Trash compactors are an essential waste management tool. They help in reducing the trash volume, protecting against pests and dumpster divers, reduce odours and fire damage. They are divided into two primary categories defined based on the type of waste they are constructed to handle—wet or dry. Choose the one that would best suit your requirements.
Keep your waste to a minimum and follow good waste management practices to handle the generated waste in a proper way.

Examples: Reusing engine oil is the easiest way to reduce the amount requiring disposal

- Used-oil blenders can be used to blend used engine oil (only from diesel engines) into the fuel tanks of vehicles and generators that burn diesel fuel in accordance with technical guidance.

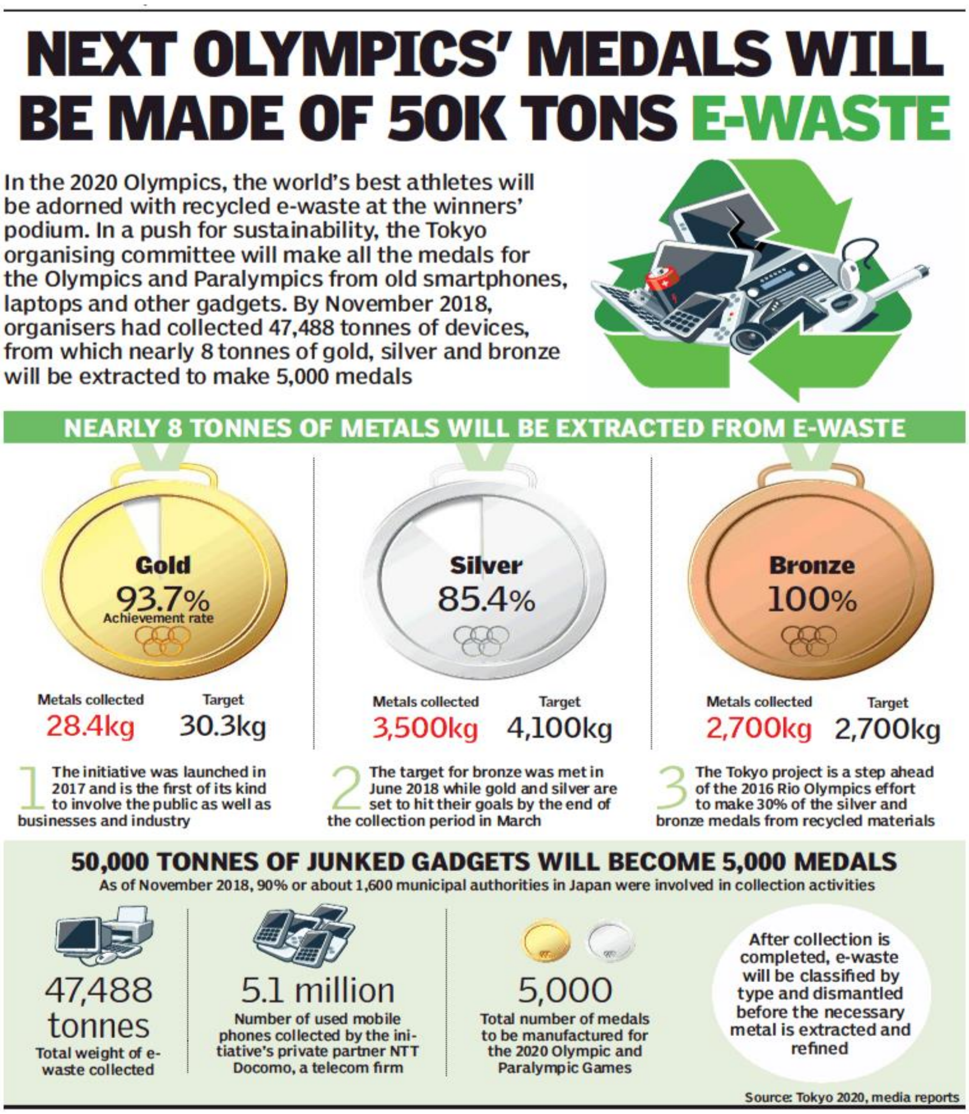
- Oil that cannot be used for its intended purpose may be transferred through a government contract to local vendors for use as fuel in various manufacturing processes (such as oil refineries)
- Used oil can be converted into fuel or reused as a fuel source to generate hot water or heat with specific devices

Waste Management can

- Enhance mission accomplishment
- Contribute to force health protection by preventing
    - Direct health problems
    - Contamination of the environment
- Promote good relations with the host nation and the local communities
- Reduce the logistical footprint of the operation (camp space, transportation, funds, etc.)
- Adapt to all weather conditions

Things to Do

- Visit Sewage Treatment Plant/Effluent Treatment Plant and understand the working of the plant.
- "Plastic Ban will go a long way in curbing the menace of Plastic Pollution". Arrange a debate.
- Find out how you can contribute in managing/reducing/reusing/recycling domestic waste.
- http://www.indianmba.com/Faculty_Column/FC461/fc461.html
- http://www.ulkerbiskuviinvestorrelations.com
- Study the cases and prepare a report.



Read the above clip and answer the questions that follow:

- What is E-Waste?
- Why it has become a cause of concern?
- What are the precious metals, E-waste comprises of?
- How big is the industry of recycling waste?
- How beneficial the activity will be and what message it will send?

Model Questions

- What is logistics & Supply Chain Management?
- How is supply chain management in minimising waste?
- Why is technology used in SCM?
- What is Global scenario/Waste management practices?
- What are different types of packaging material?
- What are the advantages/disadvantages of using plastic as a packaging material?
- Difference between logistics management and supply chain management.
- Suggest ways to use a substitute a particular waste.
- What are the rules under ISO to manage waste?
- How is hazardous waste handled?
- Which mode of transport is used while transporting hazardous waste and what precautions are taken?
- What are the necessary preventive actions required to train the people handling waste?

References

Case study of DHL supply Chain Management.

Block 2

Integrated Marketing Communication

Swachhta Action Plan

Mahatma Gandhi National Council of Rural Education

Department of Higher Education

Ministry of Human Resource Development, Government of India

Hyderabad - 500004

सत्यमेव जयते

विश्वं पुष्टं ग्रामे अस्मिन् अनातुरम्

Where there is Rural Wellbeing
there is Universal Prosperity

Contents

Chapter 1 Integrated Marketing Communication (IMC)

Introduction

Marketing communications, as has been argued by Keller (2001) are "the means by which firms attempt to inform, persuade, incite, and remind consumers – directly or indirectly - about the brands they sell." Thereby Marketing communication represents the efforts of the brands to 'establish a dialogue' with consumers. Thereby marketing communication enables the brands to perform four major roles, that is to - inform, persuade, incite and remind consumers.

Objective
1. To understand what is IMC
2. To understand the benefits of IMC
3. To identify the various tools for IMC
4. To identify the IMC tools used in waste

Human beings are social beings and Communication has been considered the foundation of all human relationships. This communication entails exchange of information, ideas or feelings. Therefore, according to Gould et al., (1999) advancing communication approaches pushes for learning and management throughout a communication network. Thereby marketing communication encompasses all forms of communication functions chosen for marketing of a product or service and add winning values to a product too it.

According to Yeshin (1998: 3) marketing communication is "the process by which the marketer develops and presents an appropriate set of communications stimuli to a defined target audience with the intention of eliciting a desired set of responses". Also, the author argues that marketing communication utilises marketing mix strategy as a tool. The elements of the promotional mix vary depending on the product and the marketing objectives (Fill 1995). According to Fill (1995) each of the elements of the marketing mix has the potential to communicate to the target consumers differently. In this chapter we discuss Marketing communication in general and Integrated marketing Communication (IMC) in particular. While marketing communication tools and strategies have existed for years, they have mostly been viewed as an umbrella term. Whereas integration of the functions has led to the foundation of IMC. In order to discuss the various aspects and dimensions of IMC and its significance to waste management, this chapter proceeds as follows. Section 1.1 discusses the function and role of marketing in general and IMC in particular. Here we discuss the definitions of IMC. Following this we elaborate on the different advantages of IMC and the obstacles an organization may face while developing IMC. In section 1.2 we discuss the recent developments and global developments in IMC. Here we discuss two models to of development of IMC and how Section 3 elaborates on various IMC tools. Here we discuss the most sought marketing tools. Following the importance of planning in the marketing exercise, the next section elaborates on marketing objectives and IMC. Here we discuss two different planning models which may assist organizations in designing appropriate objectives. The last section focuses specifically on marketing communication surrounding waste management. This section attempts to throw some lights on the

IMC in the area of waste management in India.

1.1. IMC – Definition and role

According to Kitchen and De Pelsmacker (2004) IMC saw its origin in the 1980s. While the traditional marketing professionals viewed each promotional tool as separate and distinct, managed separately, budgeted distinctively, IMC emerged to integrate all these practices and give a new meaning to marketing communication. In the market place every organization is competing along with its products with other brands. This makes market planning an important step in the Marketing management. Marketing management involves. As Kotler (2003) argues that modern marketing goes beyond 'the development of a affordable and accessible good and useful product', (the four 'Ps' of product, price, and place) to communicate information regarding the products and services (thereby adding the fourth P of promotion) as has been captured in figure 1. In this section we discuss the different definitions of IMC, the reason for its origin and the various advantage it offers to the organisation as compared to the traditional marketing communication.

According to Keller (2001), Marketing mode of communication can associate the brand with specific person, place and experience to highlight its Unique selling point (USP). Over time the modes of communication have evolved and the modern marketing adopts a wide range of communication options. The communication options include a) Media advertising which includes TV, radio, Newspaper and magazines, b) Direct Response and Interactive Advertising which includes Mail, Telephone, Broadcast media, print media and computer-related, c) Place Advertising which includes bulletins, billboards, cinema, Transit and posters, d) Point of Purchase Advertising which includes Shelf talkers, Aisle markers, shopping cart ads and In-store radio or TV, e) Trade Promotion which includes Trade deals & buying allowances, Point-of-purchase display allowances, Push money, Contests and dealer incentives, Training programs, Trade shows, Cooperative advertising, f) Consumer Promotions like Samples, Coupons, Premiums, Refunds/rebates, - Contests/sweepstakes, Bonus packs, Price-offs, g) Event Marketing and Sponsorship like Sports, Arts, Entertainment, Fairs and festivals, Cause-related h) Publicity and Public Relations i) Personal Selling (Keller 2001).

Lakshmikantha and Malur (2014) in their study have highlighted the role of media channels in broadcasting of awareness program for waste management. The authors argue that television can prove to be a powerful medium to reach to masses. The study takes up Kannada broadcast channels - TV9, Public TV, Janasri News channels where content on waste management was broadcasted during the prime time. In marketing communication television prime time is considered an important time of day, when the viewership is highest.

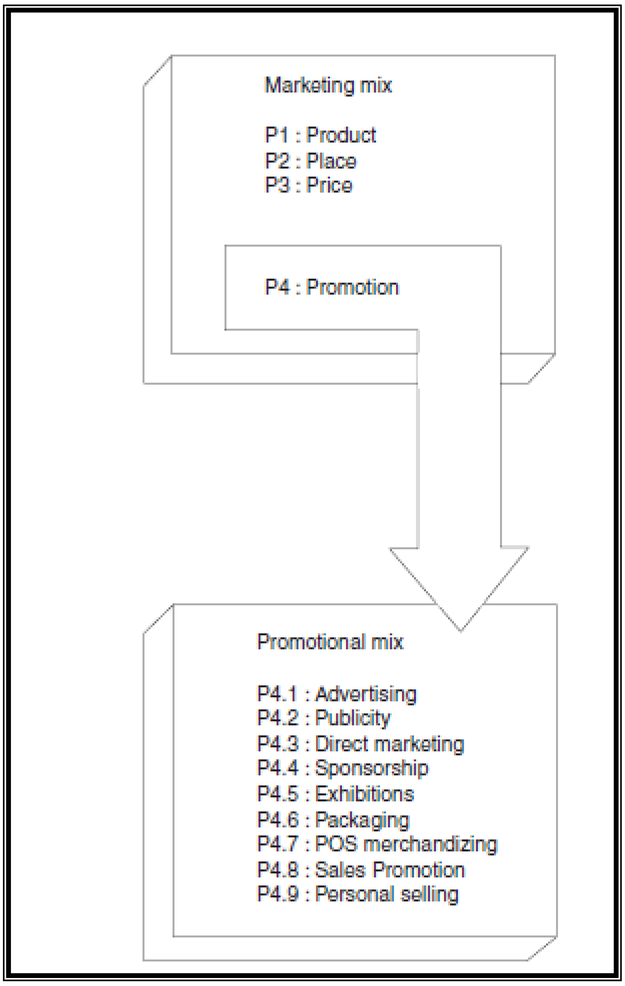


Figure 1.1: Marketing Mix and Promotion Mix by Keith Crosier

The marketing mix as discussed by PETER DOYLE (:287) is the set of marketing tools – often described as the 'four Ps': the product, its price, promotion and place – that the organization takes into consideration for achieving its objectives. Key elements of the marketing mix are discussed in figure 1. According to the author an idol marketing mix is the one "which offers a product that solves the customer's problem, that is of low cost to the customer, that effectively communicates the benefits, and that can be purchased with the utmost convenience." (:289). However, the challenges with this view is that it overlooks the fact if the mix address the economic aspect of the company. Nevertheless, this mix can end up minimizing the values for the stakeholder in the endeavor to create value for the customers.

	Advertising	Sales promotion	Public relations	Personal selling	Direct marketing
Communications					
Ability to deliver a personal message	Low	Low	Low	High	High
Ability to reach a large audience	High	Medium	Medium	Low	Medium
Level of interaction	Low	Low	Low	High	High
Credibility given by target audience	Low	Medium	High	Medium	Medium
Costs					
Absolute costs	High	Medium	Low	High	Medium
Cost per contact	Low	Medium	Low	High	High
Wastage	High	Medium	High	Low	Low
Size of investment	High	Medium	Low	High	Medium
Control					
Ability to target particular audiences	Medium	High	Low	Medium	High
Management's ability to adjust: the deployment of the tool as circum-stances change	Medium	High	Low	Medium	High

Figure 1.2: Key characteristics of marketing communications tools by Fill (1995)

Fill (1995) discusses how the various marketing channels perform on the various aspects of communications, costs and control. In the aspect of communications, we observe from figure 2 that Direct marketing serves the purpose quite well. In the aspect of costs, we observe sales promotion fairs fairly well. In the aspect of control, we observe that Direct marketing the most appropriate tools.

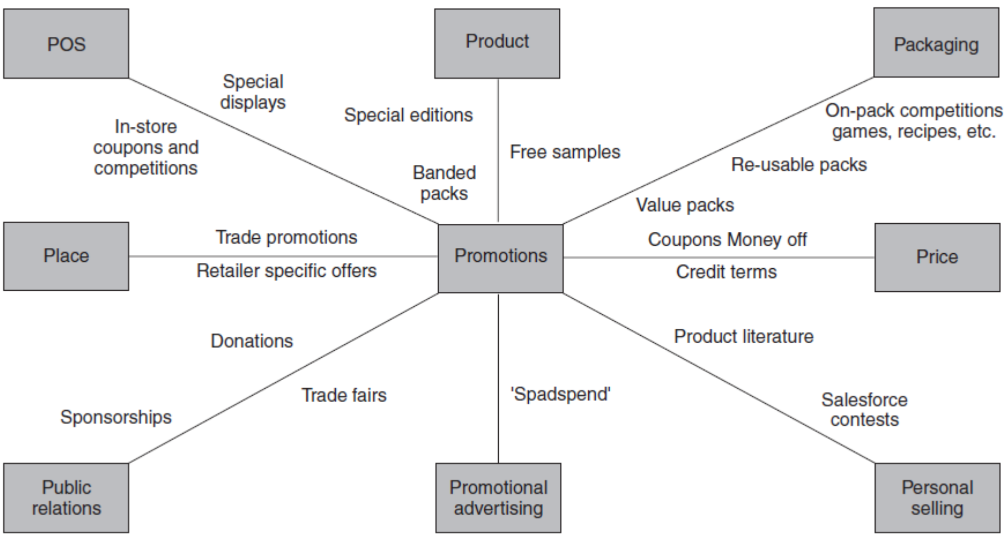


Figure 18.6 Promotions and the marketing mix: an integrated model

Keith Crosier (2003) discusses a wide range of promotion mix some of which are discussed bellow

1. **Advertising** is promotion through display of commercial message content in a variety of cost-effective medium such as print, audio, video, which guarantees exposure to the target audience.
2. **Publicity** is a method of promotion which involves news release through news media, for reaching out to the target audience. Here the piece of news is capable of earning editorial mentions, in return for the cost of producing and distributing the release.
3. **Exhibitions** are promotion where a business organization displays and places a sales representative to demonstrate the product or service. This offers the organization an exposure to potential customers in return to the rents charged for booking the space in the themed exhibition.
4. **Packaging** is promotion is tool which displays and guarantees exposure to customers at the point of sale, in return for the cost of designing and producing the package.

According to Kitchen and De Pelsmacker (2004) define IMC as "a strategic business process used to plan, develop, execute, and evaluate coordinated, measurable, persuasive brand communication programs over time with consumers, customers, prospects, and other targeted individuals." According to the author IMC has emerged as a 'strategic business process, where it has moved beyond promoting a product/service and now focuses on the communication itself.

Pickton and Broderick (2005) define IMC as a process "which involves the management and organisation of all 'agents' in the analysis, planning, implementation and control of all marketing communications contacts, media, messages and promotional tools focused at selected target audiences in such a way as to derive the greatest enhancement and coherence of marketing communications effort in achieving predetermined product and corporate marketing communications objectives." The authors also define it as "the management process of integrating all marketing communications activities across relevant audience points to achieve greater brand coherence."

According to Don Schultz (1993), IMC is the process of developing and implementing various forms of persuasive communication programs with customers and prospects over time. The goal of IMC is to influence or directly affect the behaviour of the selected audience. IMC considers all sources of brands and company contacts which a customer or prospect has with the product or service as potential delivery channels for further messages. Further, IMC makes use of all forms of communication which are relevant to the customer or prospect, and to which they might be receptive. In sum, the IMC process starts with the customer or prospect and then works back to determine and define the forms and methods through which persuasive communications methods should be adopted. From this definition we can identify the following major characteristic of IMC.

1. It is a means to persuade
2. It is a means to influence the purchasing behaviour and attitude of the customers.
3. To develop a feedback mechanism with the consumer to improve and develop effective communication.

According to Pickton and Brodrick (2005), the greatest impact of marketing communications can be achieved if all elements involved in marketing communication are integrated. According to this argument. By integrating a variety of promotional mix elements a new 'synergy can be created, thereby improving the effectiveness of the whole marketing communications effort.

IMC – it's significance and benefits

TONY YESHIN (2003: 395) argue that the area of marketing have advanced in two different ways. Firstly, organizations have started appreciating different marketing techniques and the requirement of specialist for the development of marketing techniques. This has also resulted in creation of companies which have specialization in specific marketing techniques. Secondly, companies employ wide range of marketing communication and there are only few who would rely on a single marketing communication tools. Such a scenario has forced organization to opt for the integrated form of marketing communication.

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There are various factors responsible for the growth of integrated marketing communication.

1. Value for money- the episode of recession in the previous years and the increasing global competition in the way companies are being managed. Where on the one hand the size of the marketing departments have downsized, on the other hand pressure of margins have increased
2. Increasing pressure on organization's bottom line. – there are variety of pressures operating upon business organizations. As the costs increase, organizations end up reducing costs and increasing savings across all their activities.
3. Increasing client sophistication- this aspect is important for gaining insights into retailers, customers and consumers. Thereby organizations have started opting for other modes of marketing communication such as sales promotion.
4. Disillusionment with advertising – many a times customers opt for other brands in search for better customer relationship.
5. Disillusionment with agencies – Several marketing agencies working for business organizations have lost their value over time. These organizations are now recruiting specialist and consultants to come up strategic business marketing communication.
6. Traditional advertising is too expensive and not cost effective – for many organizations the traditional forms of advertising is not cost effective.
7. Rise in price competition – business organizations often end up in downward price spiral to provide competent rice to its customers.
8. Environmental factors – customers these days becoming increasingly concerned about the environmental issues because of which organizations these days are forced to come up with innovative environment friendly approaches.

According to the author IMC has been considered a major development in the marketing communications in the last decade. It combines elements of promotional mix through various mode of audio, visual and sensory communication. The major factors that led to emergence of IMC according to Kitchen and De Pelsmacker (2004) are

a. Divergence from mass media advertising- given that most of the strategic marketing communication prior to IMC have aimed at mass advertising, IMC stratifies the target audience and thereby the advertisement is focused. Such a method is economical and fits below the line marketing budgets.

b. With the advent of internet and innovative modes of communication, IMC has emerged taking aid of innovative marketing tools. The issue of market disintegration, IMC has emerged as a solution to address the specific marketing needs.
c. The information technology developments have brought shift in the marketing communication. With the evolution of online communication through internet, customers now see online advertisements of various brands. It is fast catching up with the buying behaviour of consumers and is a major source of publicity for niche segments and also for established brands. This is the new way of digital revolution and businesses worldwide have realized their worth.
d. Creation of large consumer databases, it has enabled business to understand consumer behaviour. Such data has been used by businesses according the world to understand the purchasing behaviour of specific age, gender, ethnicity. IMC therefore enables businesses to use these databases to identify their potential consumers and design the appropriate marketing mix.
e. The market is flooded with products and the consumers are more aware than before it has become important for brands to retain their customers and reinforce customer loyalty. IMC enables business to evaluate customer relationship by regularly monitoring and evaluating the marketing strategies.

Benefits of IMC

Tony Yeshin (2003) elaborates on benefits of IMC as discussed by Linton and Moreley (1995). The author argues that IMC provides the following nine benefits

1. Creative integrity
2. Consistent message
3. Greater marketing precision
4. Better use of media
5. Unbiased marketing recommendation
6. Operational efficiency
7. Cost saving
8. High calibre consistent service
9. Easier working relations.

Yeshin (2003) further discusses the following benefits as discussed by Kitchen and Schultz (1999) could be derived from IMC programmes. These advantages are

1. Increased impact.
2. Creative ideas more effective when IMC is used.
3. Greater communications consistency.
4. Increases importance of one brand personality.
5. Helps eliminate misconceptions.
6. Provides greater client control over communication budget.
7. Provides clients with greater professional expertise.

Barriers to IMC

Despite the facts that IMC offers various advantages in marketing communication, integration of marketing communication in an organization can face several obstacles. Yeshin (2003) in his book discusses the barriers to integration. The author discusses the factors identified by Kitchen and

Schultz (1999)

1. Requires employees to be more generalist – Since IMC is integration of a variety of marketing communication, employees required for carrying out these activities need to have wider knowledge of marketing communication tools and techniques
2. Integrated agencies do not have talent across all marcom areas. On the other hand, it is possible that that the agencies that are engaged in IMC may lack in depth knowledge of marketing communication areas.

- IMC means employees have to develop new skills - IMC involves keeping updated with the customer behaviour and the new market trends, the employees of the business organization therefore for need to be open to developing new skills required address the new and unique needs.
- IMC gives a few individuals too much control. Since IMC focuses more on individual consumer, it may at time cause effect on the planning and budgeting of the business organization.
- Client staff lack expertise to undertake IMC programmes – Since IMC is a new technique, several business organizations miss the capabilities to IMC programs.
- Client centralization difficulties.
- Client organizational structures constrain IMC.

1.2. Developments in IMC

Integrated marketing communication over time has proven important for national and multinational companies globally. This section elaborates the various ways in which Intergrated marketining can be developed. First, we take help of Schultz and Kitchen (2000) 4 stages of development. Then we proceed to the Eight step IGMPC model proposed by Schultz and Kitchen (2000). Following this we discuss the impact of global development on marketing communication as has been discussed by Kitchen (1999).

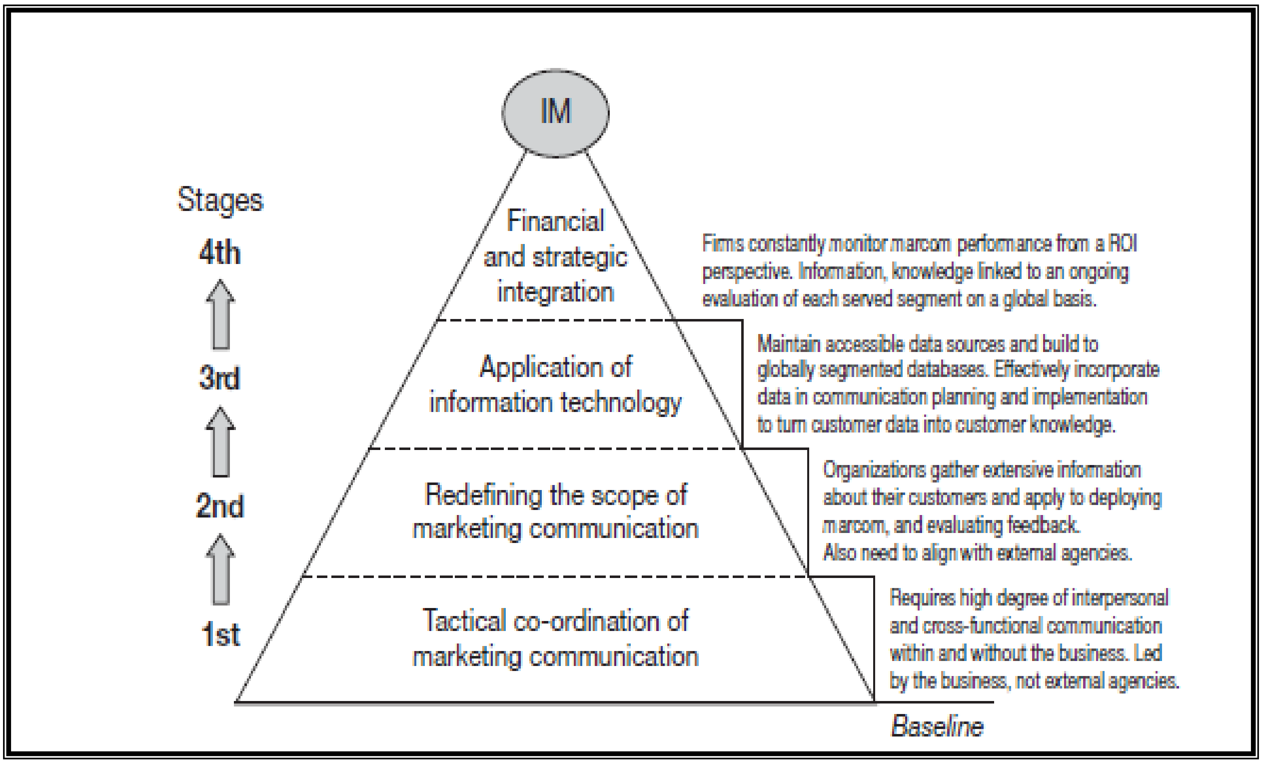

Figure 1.3 stages of development of IM by Schutz and Kitchen (2000)

According to the authors IM consists of four stages as depicted in the figure. The very first stage involves coordination among the business marketing team/ agencies. The second stage involves collecting data on consumer preferences and feedback. At the third stage the agencies involved in marketing approach databases and use technological means to convert consumer data into consumer knowledge. Here agencies plan and execute the communication. At the last stage the business evaluates and monitors the performance of the communication established.

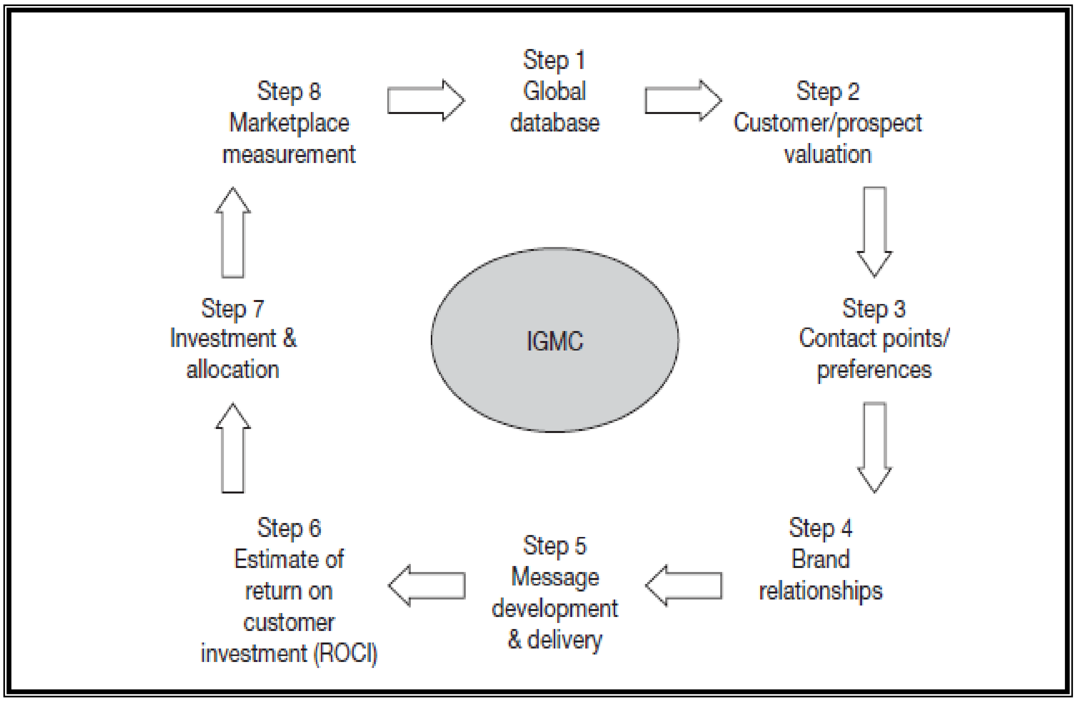

Figure 1.4: The Eight step IGMC planning Process as a system by Schultz and Kitchen (2000)

Schultz and Kitchen (2000) proposed eight step Integrated Global marketing Communication (IGMC) planning process. According to the author Global data bases form the foundation of this process. These databases form powerful tool for businesses to understand the purchasing behaviour of prospect customers. This enables the organization to identify the preferences of their target customers. In order to manage and plan the marketing communication at global level, organizations access global databases to find out details on customer relationships. These databases provide the organization with valuable information on sales, services. Such data enables the organization to plan for a specific customer group rather than opting for mass marketing, thus step is crucial for IGMC process. This step is also important as resources with the firms ae limited and such a valuation helps in identifying the value customer. Valuation assists in calculation of the purchases of the customers and thereby regulating investment on that customer. One the organization attaches a value to a customer it becomes easy for them to identify the strategy to retain or grow their customer along the line of their products or services. At the next stage the organization develops measures of efficacy of their product or service. In this stage they may take stock of costs of goods delivered or cost per sale. It is also important at this point that the orthodox communication measures cannot function in such a scenario of perspective customer valuation. At is also important at this juncture to determine which communication modes they prefer. This leads us to the fourth step of establishing Brand Relationship. Normally, brands try to establish different relationships with different customers and prospect customers. For establishing such relationships, it is important that the organization understands the customer's existing relationship with the brand. Depending on this relationship the organization team can develop strategies to either enhance or deteriorate the relationship between the brand and the customer. The fifth stage of IGMC emphasises on Message and Incentive development as well as delivery. This is another important factor that differentiated IGMC from the traditional marketing communication methods. Development of effective marketing communication messages depend to a large extent on the organization's understanding of the customers or the prospect customers. This step also emphasises on developing a delivery mechanism. Delivery mechanism may go beyond the selection of appropriate forms of media. IGMC emphasises on development of innovative delivery methods by a feedback mechanism based on when the organization and the customer interact.

The sixth step of IGMC involves Estimate of Return on Customer Investment (ROCI). The IGMC model proposes that it is important to determine the kind of returns on customer investment. The authors argue that organization earns from marketing communication only when it has communicated effectively to the customers and prospect customers and their appropriate valuation. According to the author the more appropriate the organization's customer selection and valuation, more effective will be the return on customer investment. Therefore, in order o estimate what returns the organization will fetch, the organization should determine the worth of the customer appropriately.

The seventh step of IGMC is Investment and Allocation. At this step organizations need to evaluate the marketing communication activities and expected returns. This step largely banks upon the data collected from the market based on the experiences with the customers and the databases utilized for customer valuation. Since the resources with business organizations are finite, this step is crucial to design appropriate planning.

The final step of the IGMC model is to establish systems to measure and determine the activities carried out in the market. This system generates data on market and customer purchasing behaviour. Though this is the final stage of the planning process, it also generates new data that can be used again in the system. The data generated here could provide base for starting the process all over again.

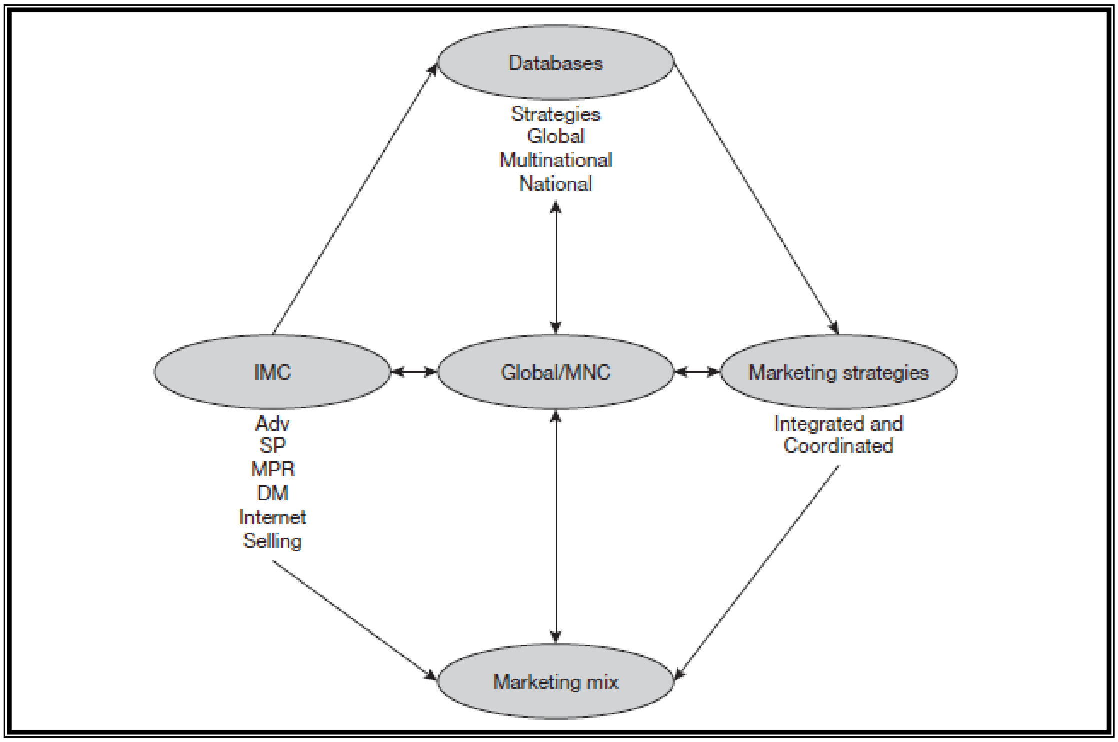

Figure 1.5 Impact of global development in marketing communication by Kitchen (1999: 241)

Figure 4 discusses the global development in marketing communication. The author argues that global and multinational companies can make potential use of marketing communication to improve and coordinate their strategies. Figure 4 represents the dependence of the companies on the national and global environment. On the life cycle stage which varies from country to country., international brand management strategies.

The author further argues that in order to exploit the potential of IMC at global level, the needs of global markets should, and company's own talent, skills and capabilities should be considered.

1.3. Introduction to IMC tools and techniques

As we discussed in the previous section IMC encompasses wide range of activities, raging from identifying the prospect customers and then identifying persuasive methods to reach out to then to buy their products. In this section we discuss some of the most sought tools and techniques of IMC. Percy (2008) elaborates on variety of marketing techniques. We discuss some of them here.

1. **Mobile marketing -** According to Percy (2008) Mobile phones provides high appeal to marketing organizations as this medium makes more target appeal to the consumer in a 'controlled message environment and time exposure'. Akin to direct marketing mobile marketing are supposed to be driven by consumer data. Mobile advertisement is applicable for outdoor. According to Percy (2008) mobile advertisement has equal potential as a billboard.

Image 1: Mobile marketing by Starbucks

2. **Sponsorships -**Sponsorships is another major tool of IMC. Sponsorship includes a brand supporting an event, cause or organization, where the organization or the event have the right to display the logo of the brand linked with the sponsored activity. For example, in the sports tournament and matches are usually sponsored by leading brands. Recently, in 2017, OPPO, a mobile phone manufacturing company won sponsorship rights for the Indian Cricket team. Hereby the company has the opportunity to exploit the benefits associated with the attitude associated with the event under consideration. Similar to sponsorship is Event marketing. The difference here is only that in the case of event marketing a company supports only a specific event rather than an on-going relationship. Parcy gives example of supporting a Tsunami Relief Concert would be event marketing,
3. **Product placement**- Product placement is a marketing technique where the actual product is placed within the context of other product or service. These contexts may range from a movie to a book. For example, the placement of Vivo laptop in the Bollywood movie bodyguard.

Image 2: Product Placement of VIVO laptops

4. **Packaging -** Packaging is a critical element in IMC. Packaging plays an important role of developing and reinforcing 'positive brand values and attitudes. Not only does packaging generate attention, Packaging can generate a plethora of emotional and psychological association of customers with the product or service. It is also an objective of the business organization to make designing and packaging unique as in to differentiate it from other products available in the market.
5. **Trade shows and fairs** - Trade shows and fairs are other important marketing techniques. They can be understood as a mixture of sales promotion and personal selling. Usually organizations from specific industry who are willing to display and demonstrate their latest products organize exhibitions through the means of trade fair and shows. In India, numerous trade fairs are organized, including – auto expo, International Jewellery Fair, International trade fair of office and paper products, Asia's Largest Automotive Show, Trade fair with congress for production and storage of renewable energy and many more.

Image 3: International Trade Fair

6. **Personnel Selling -** Personal selling is a marketing technique where the sales representative meets with the potential customer face to face. Here the organization representative establishes a direct contact with the consumer. It enables customization of message or individual customer. The seller aims to promote the product through their interaction and redressal of the concerns of the specific target audience, such an approach set it apart from other forms of marketing communication.
7. **Public Relations -** The author argues that PR has merits and demerits in the marketing. While as compared to other forms of communication PR is lesser expensive as there is no direct cost associated with it, there are both. PR activities may be targeted towards specific group and has the potential to penetrate into highly segmented audience effectively. Since they are not considered as advertising, they are considered credible form of communication. Buzz marketing is another term associated with PR, which signifies word of mouth communication.
8. **Direct marketing and channel marketing -** The ways of delivering message often determines the promotion tool. Direct marketing has been as an option for marketing communication for centuries. Whereas channel marketing is a relatively new marketing strategy which combines traditional techniques with innovative marketing technique. Direct marketing facilitates Accountability, Effect a response, Interactive process and More efficient targeting. Direct marketing, therefore forms an important aspect of IMC planning.

1.4. Marketing Objectives and IMC

Determining Marketing objective is the most important aspect of Planning. In this section we discuss various planning models. We begin with RABOSTIC planning model proposed by Pickton and Broderick (2005) and then we discuss the eight planning questions proposed by Schlutz et al (1994). This section highlights the significance of planning and determining relevant objectives for the business organization. Pickton and Broderick (2005) argues that the objectives of the IMC should be consistent with the objectives of the company.

1. Planned approach which covers the full extent of marketing communications activities in a coherent and synergistic way.
2. Range of target audiences – not confined just to customers or prospects nor just to imply end customers but include all selected target audience groups. These may be any specified 'public' or group of 'publics' – stakeholders (e.g. employees, shareholders, suppliers), consumers, customers and influencers of customers and consumers, both trade and domestic.
3. Management of all forms of contact which may form the basis of marketing communications activity. This involves any relevant communication arising from contact within the organisation and between the organisation and its publics.
4. Effective management and integration of all promotional activities and people involved.
5. Incorporate all product/brand ('unitised') and 'corporate' marketingcommunicationsefforts.
6. Range of promotional tools – all elements of the promotional mix including personal and non-personal communications.
7. Range of messages – brand (corporate and products) propositions should be derived from a single consistent strategy. This does not imply a single, standardised message. The integrated marketing communications effort should ensure that all messages are determined in such a way as to work to each other's mutual benefit or at least minimise incongruity.
8. Range of media – any 'vehicle' able to transmit marketing communication messages and not just mass media.

Rabostic planning Model

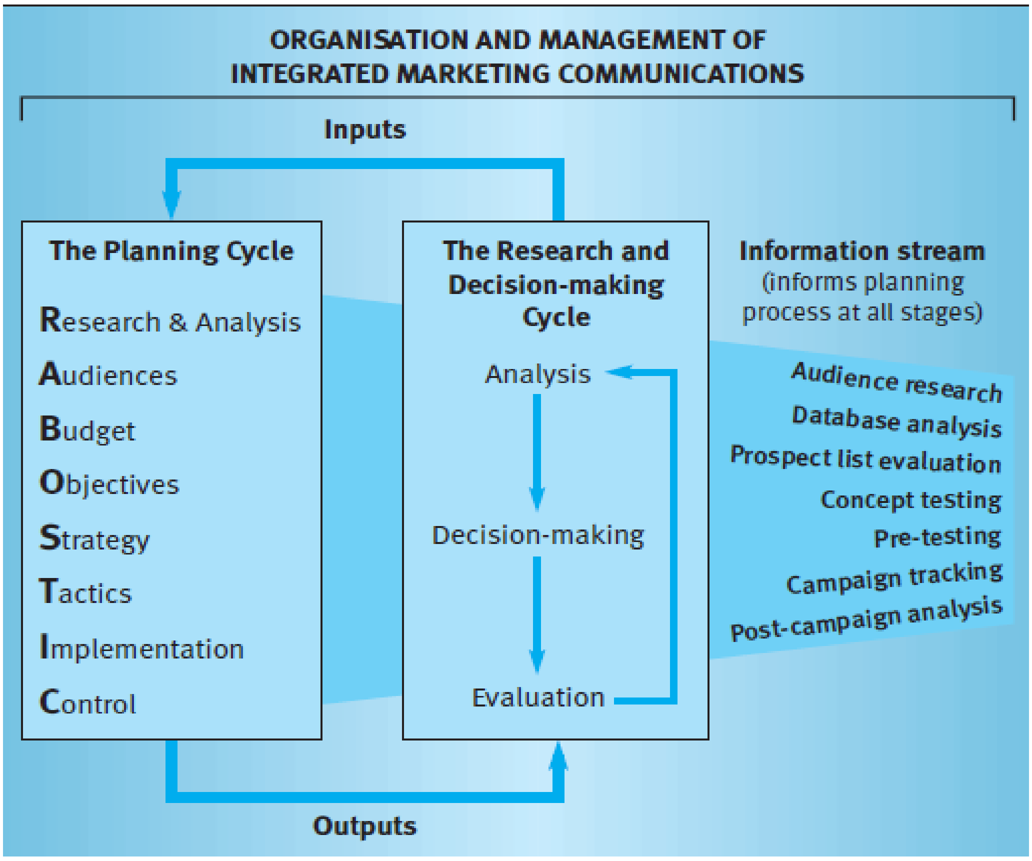

Figure 1.6: RABOSTIC planning Model by Pickton and Broderick (2005)

Pickton and Broderick (2005) proposed a RABOSTIC planning Model. The authors identify three important aspects of organization and management of Integrated Marketing Communication. These three aspects are 1. The planning cycle, 2. The research and Decision-making Cycle and 3. The information stream. While the Information stream operates in the backdrop, the organization and management places higher weightage to spelling out the business plan and decision making. The information system in the model captures the flow of information during the planning process. This process enables the formulation of IMC plans. The decision-making cycle captures the continuous analysis and evaluation being carried out to update the decision-making process. If we look carefully, we can observe that evaluation feeds into analysis for further advancement in decision making. The decision making also adds insights into the planning cycle and at the same time is guided by the planning cycle.

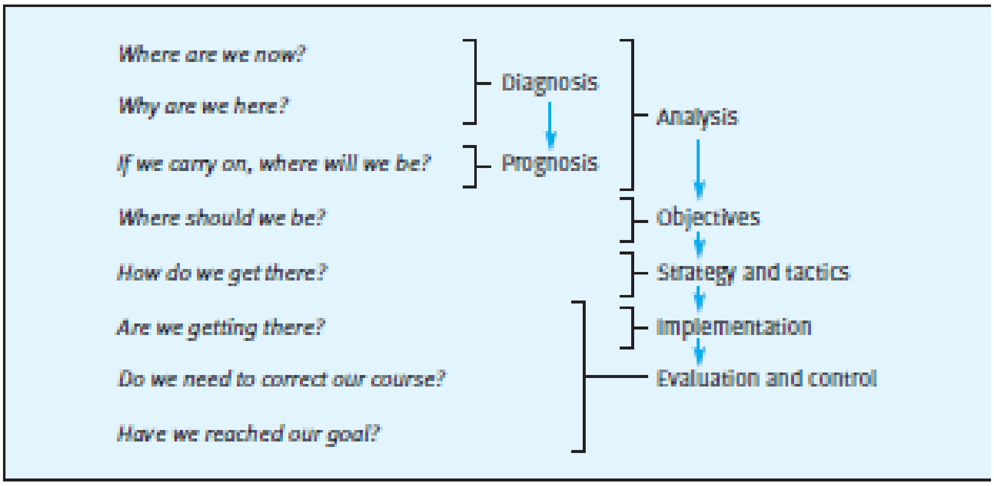

Figure 1.7: The Eight planning questions by Schutz et al (1994)

All the functions of the business organization are guided by the broad vision and missions. These visions and missions also get reflected in the marketing objectives. The most common objectives of marketing communication are two-fold. First to create brand awareness and second creating brand attitudes. Pickton and Broderick (2005) argue that an objective is the goal or aim that a business organization is aiming to achieve and a strategy is a means by which the organization intends to achieve that objective (2005:145). Thereby objectives are prefaced by the word 'to' and the strategies are prefaced by the term 'by'. The authors propose eight planning question based on the work of Schutz et a.,l (1994).

These questions assist the business organization to identify the marketing objectives. The first step involves diagnosing the current status of the organization. The second step involves evaluating the current course of action and how they the current objectives serve the goals. After analysing and evaluating the current situation the organization can identify the gap between the current and expected status. This step leads us to the next step where the objectives are revised. After determining the objectives, the organization takes the next step of determining the strategies and tactics of achieving those objectives. Once the organization has set out step by step strategies to achieve the desired outcome, the proceed to implement them. Once the strategies are put into action the next step for organizations is evaluating and controlling the course of action. During this stage a regular check is kept on the performance of the strategies and in case the strategies fail to achieve the objective, corrective actions are taken to revise the strategy to achieve the same objective.

1.5. Strategies by waste and recycling industry

In the scenario of waste management, the objectives of the business organization are two-fold. The first involves green marketing and the second marketing of the waste itself. In the section that follows. We discuss these two and the strategies adopted by the business organizations. In case of India, the major companies and business organizations involved in waste management and recycling are Attero Recycling Pvt Ltd, BASIX Municipal Waste Venture Ltd, E-R3 Solutions Pvt. Ltd., Eco Birdd Recycling Pvt Ltd, EcoCentric Management Pvt. Ltd., Passco Environmental Solutions Pvt. Ltd., Ramky Enviro Engineers Limited, Synergy Waste Management Pvt. Ltd. and many more. In this section our aim is to understand the different IMC tools developed and adopted by Business organizations. In this section we take up the case of Coca-cola and discuss its approach towards waste management and marketing communication. Next, in this section we discuss the IMC and the waste management marketing.

According to Polonsky (1994) the definition of green marketing does not limit to the ‘promotion or advertising of products with environmental characteristic” but green marketing incorporates a broad range of initiative which involves “product modification, changes in the production process, packaging changes as well as modified advertising”. Also, the terms associated with green marketing are environmental marketing and ecological marketing. Business organizations have various reasons to make increased use of green marketing. Polonsky lists down the following reasons why organization may opt for green marketing.

1. Since resources are limited and organizations need to achieve sustainable means to achieve its objectives, they perceive environmental marketing to be an opportunity that can be used to achieve its objectives. Polonsky gives examples of environmentally harmful by-products, such as polychlorinated biphenyl (PCB) contaminated oil which are turning out to be costly as well as difficult. Therefore, firms that can reduce harmful wastes may incur substantial cost savings
2. Organizations believe they have a moral obligation to be more socially responsible
3. there are immense pressure from Governmental bodies to adopt production measures that can cut down waste. These pressures are forcing organizations to become more responsible.
4. Competitors' environmental activities pressure firms to change their environmental marketing activities and
5. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behavior.

The author further gives examples of activities carried out by McDonald’s, Tuna manufacturers and Xerox to become more environmentally responsible in order to address the consumer needs. McDonald's started packaging with waxed paper instead of clam shell because of increased consumer concern relating to polystyrene production and Ozone depletion. Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins. In order address the issue of less environmentally harmful products Xerox presented "high quality recycled photocopier paper”.

The case of Coca-Cola

Last year Coca-Cola announced its new vision to create ‘a world without waste’. Besides this the company sets the goal to assist collection and recycle of each and every bottles and cans it sells by 2030. The company is also engaged in on continuous research and development of 100 percent recyclable packaging. Some of key goals as emphasised by the company are

1. **Investing in the planet:** the company is currently engaged in working with stakeholder such as local communities, industry partners, our customers, and consumers to help address issues like packaging litter and marine debris.
2. **Investing in packaging**: To achieve its collection goal, The Coca-Cola Company is continuing to work toward making all of its packaging 100% recyclable globally. The Company is building better bottles, whether through more recycled content, by developing plant-based resins, or by reducing the amount of plastic in each container.

3. **Replenish the water used**: The Company's ongoing sustainability campaign also aimed at attaining success in replenishing an estimated 100% of the water it uses in its final beverages. It succeeded in its replenishment goal in 2015, five years ahead of expectations.

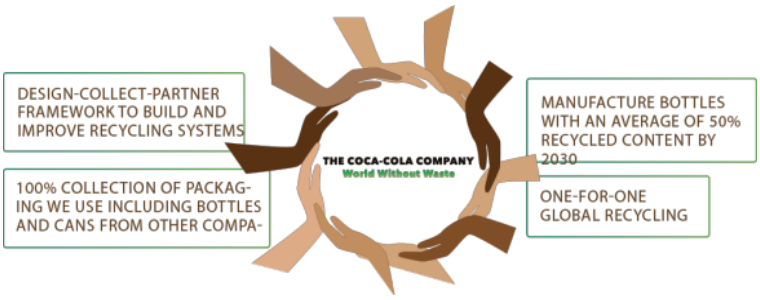

Figure 1.8: Key objectives to Coca-Cola for waste management

4. **Disposing tons of plastic waste:** In case of India, an estimated 5.6mn tons of plastic waste is disposed off annually, 43% of which is attributable to packaging. The company has been actively engaged in carrying out its efforts to reduce weight. Their company owned bottling operations (HCCBPL) and United Nations Development Programme (UNDP) India are coming together to build on existing systems processes to reduce the impact of plastic waste on human life and environment in India. Coca-Cola introduced SwachhtaKendras as a sustainable model with the use of technology waste and collaboration between citizen communities, Central and State Pollution Central Board, Urban Development Department and other stakeholders. The company has launched similar programs in Bengaluru, Hyderabad, Mumbai, Goa and Bhopal.
5. **Clean shore Program**- Coca-Cola introduced a Clean Shores Program, Mumbai, in partnership with United Way Mumbai and Greater Mumbai Municipal Corporation on a mass citizen engagement project related to beaches and marine ecosystems in Mumbai.

There are similar other organizations which can be interesting case studies for studying their endeavours in recycling and reducing waste, for instance – Body shop and Marurti Suzuki. Some example of marketing in the area of waste management has been shared next.

To do activity

1. Identify the five most common IMC tools used in recycling industry in India for battery waste.

1. Properly defined objectives
2. Alignment with sales objectives
3. Properly designed measures
4. Consistency through replication of the sampling plan
5. Random samples
6. Continuous interviewing, not seasonal
7. Evaluate measures related to behavior
8. Critical evaluative questions early to eliminate bias
9. Measurement of competitors' performance
10. Skepticism about questions asking where ad was seen or heard
11. Building of news value into the study
12. "Moving averages" used to spot long-term
13. Data reporting relationships rather than as isolated facts
14. Integration of key marketplace events with tracking results

Image 4: Examples of promotions

Integrated marketing Communication and waste management marketing

Waste management involves management of variety of waste involving electronic waste, solid waste, plastic and paper waste. In this section we discuss some of the frequent marketing communication utilized for promotion of waste management in India.

1. **Trade fair** - Trade fairs have been used by various waste management and recycling in the area of clean water and renewable energy and supply. the Waste Technology India Expo organised from time to time get good response from Waste experts, builders, municipal corporations, mayors, manufacturing industries, hotels, hospitals, waste related government bodies, students and housing societies walked into the show to understand the waste handling, segregation and recycling technologies. Manufacturers in water & wastewater sector will launch new product ranges at the Product Launch Zone.https://www.cleanindiajournal.com/waste-technology-india-expo-visitors-speak/
2. **Sposorship**- Delhi Daredevils and Coca Cola partner for zero-waste IPL matches at Feroz Shah Kotla Stadium. This collaborative initiative is being facilitated by Coca-Cola India and implemented by Ramky Waste Management Group. As part of this initiative, separate bins will be installed across stands in the stadium and fans will be encouraged to use the right bin for trash disposal. Further, a trained team will ensure the collected waste is sent for proper

recycling. https://www.exchange4media.com/ipl-news/delhi-daredevils-and-coca-cola-partner-for-zero-waste-ipl-matches-at-feroz-shah-kotla-stadium-89831.html **another example is found at** https://news.cgtn.com/news/3d3d774e31517a4e77457a6333566d54/share_p.html

3. **Product placement** - Bollywood actor Varun Dhawan and Alia Bhatt were recently endorsed in waste management movement promoted by Adar Poonawalla Clean City Initiative (APCCI). The initiative is undertaken by Serum Institute of India and Adar Poonawalla, CEO & Executive Director, Serum Institute of India as a contribution towards social responsibility. APCCI has recently launched a campaign with to raise the consciousness among masses to keep the city clean through simple acts like disposing garbage in the bin.

   Designed and conceptualized by Dharma 2.0, the APCCI has released two television commercials. First TVC employs the Romeo-Juliet theme wherein Juliet waiting on her balcony is being proposed by Romeo. However, during their conversation Juliet happens to throw a juice box outside her balcony. This disturbs Romeo who retracts the proposal and leaves Juliet. He picks the box and throws it in the garbage bin showing how necessary it is to properly dispose waste and keep the surroundings clean.

Image 5: Packaging of Coca- Cola Bottle

4. **Packaging** - Coca-cola entered into creative marketing. The information disclosed on the bottle tells the consumers about the recyclability of the bottle thereby making it more environment friendly. The information disclosed on the packaging appeals to the consumers who are sensitive to the environmental issues at the same time it enables these consumers to make appropriate purchasing decision.

Through this section we can get an insight on the different methods employees in communicating the content of communication to the target audience. Nevertheless, developing appropriate content and understanding the psychology and behavior of consumers is another challenge that a business organization fails. The next chapter we take a deeper look into this aspect of marketing communication.

Summary

Over time IMC has evolved as an important marketing tool which goes beyond the traditional cannels of marketing communication. Based on the discussions in this chapter we get an understanding that IMC has various benefits yet there are several challenges associated with it. We discussed that IMC makes use of mixed promotional methods so as to make maximum impact to its target audience. We also discussed about the IMC mix used by the recycling companies in India to management waste management marketing.

Important readings

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Chapter 2 Understanding Communication Process

Introduction

Objectives

1. To identify the important components of communication
2. To identify the different stages of message processing
3. To understand the role of communication in the various stages of decision-making process

Communications are often understood as acts of interaction, where exchange of message takes place between individuals or entities. While the process of communication encompasses several components such as interest, the content of the message, and the mental frames of the recipients; in the area of Marketing, communication some of these factors play a determinant of success and failure of the business. The objective of the chapter, therefore is to lay out the major components of Integrated marketing communication. While in the previous chapter we highlighted the placement of customers in the IMC and the planning and management of the various tools of IMC. The chapter highlights the communication process, and the proposed models to understand the psychology of the customers. While the traditional marketing approach perceives the target audience to be the passive recipient of the messages, the contemporary IMC proposes that customers are the prime operators. Richard Varey (2002) argues that "marketing communication is a set of purposive activities, linked and coordinated to some degree." The author further argues that the traditional model of communication both linear and 'two ways' even when emphasize on the aspect of individual behaviour have failed to take into consideration the 'social nature' of the human communication process. According to this argument people working in this area over-look the fact that individual identity, meaning and knowledge are not isolated form the environment but are highly dependent on their environment. Whereas in the scenario of communication, in the due course of participation in an interaction, individuals construct their own identity along with that of others. Thereby in the process of communication an individual has an important role to play.

Buttle (1995) offers a critique of the traditional marketing communication theory. Buttle (1995) criticises the view that the individual is an appropriate of analysis. The author argues that the marketing communication fails to consider the systemic nature of the social world in the which an individual is situated. Considering this point of view, it is important to recognize effects of communication at household level, institutional level as well as cultural level. Buttle, next criticises the aspect of communication which limits its concerns with effect of a particular message. The author argues that consumers at individual level interpret any piece of information that is provided to them. Similarly, in the case of marketing communication, the information about every single product, popular brands and even people gain, as communicated through the marketing mix, holds the potential to effect day to day choices of the consumers. Buttle, criticizes the view that meaning of a message is dependent on the intention of the source. According to the author the notion of interpretive community members, signify that members derive meaning by interacting with the content. In such a scenario, there exists a possibility of the individuals in the receiving end remain passive and therefore lose the potential to respond to the content of the communication. Buttle further criticises the view where communication is considered to be effective when a receiver decodes the message as it was exactly encoded. The author argues that even when the content of message is closed, it has the potential to reach out to competent receivers and create unintended confusions.

Varey (2002) discusses the key features of traditional and contemporary marketing communication. The author argues that the traditional marketing communication theory is based on the a simple 'stimulus-response model. This model takes into consideration the psychological aspect of the interpersonal communication and the mediated communication effects. In case of the contemporary view of marketing theory the complex relationships of families, households, often governed by rules are important. Thereby this theory is concerned with institutional level effects of advertising, encompassing effects on values, cultures, socialization and social reality. In the traditional communication theory, the individual was the subject on whom the effect of messages and campaigns were targeted. Whereas, in the contemporary communication the cumulative effects of marketing communication are important. The traditional view of marketing communication considered their target audience to be passive and not actively interpreting the message provided to them. While this view of passive audience recognizes the audience powerless, the contemporary marketing communication recognize the communities to be interpretive. The contemporary theory relies on gratification model and interactive model, where a single individual is not recognized as a unit but as part of a system. The traditional view of marketing is concerned with commonness and co-orientation. Whereas the contemporary view takes into consideration, interpretive frames, where meaning to a content is not transferred or shared but are produced jointly by people through social interactions.

'Normal'/traditional marketing communication theory is concerned with:	*'Abnormal'/contemporized marketing communication theory is concerned with:*
The psychology of interpersonal and mediated communication effects on the individual: a simple stimulus–response model	1 The complex, rule-governed relationships of families and households with advertising media and content 2 The institutional effects of advertising 3 Cognitive and critical perspectives on the cultural effects of advertising: social reality; beliefs, values, moral orders and knowledge claims; enculturation; socialization; hegemony
Effects of single messages or campaigns on identified individuals	The cumulative effect of marketing communication as central to meaning production in our post-industrial consumer society – symbolic interaction
Passive audiences that do not actively interpret messages and are relatively powerless towards the message content to which they are exposed	Interpretative communities: Uses and Gratifications model; the interactive model
Commonness or co-orientation – sharing understandings through information	Interpretative frames – communication as co-productive interaction – conjoint action – meaning not transferred or shared but jointly produced in social 'interaction'

Figure 02.1: Old versus new Marketing Communication Theory by Varey ()

This chapter therefore proceeds to explore the contemporary strategies used by marketing communication in order to meet their business objectives. We begin this chapter with an introduction to the various elements in the process of communication. As discussed earlier the customers have been recognized the central point of the marketing communication, the chapter proceeds to describe the target audience, and how the various marketing mix developed for different target audience. The chapter then proceeds to discuss the several information processing approaches. In this section we discuss the AIDA model as part of the Hierarchy of Effect model and its various shortcomings. However, in the next section we discuss the Hierarchy of effect model. In this section we also discuss the Howard–Sheth model of consumer behavior and the product diffusion model.

2.1. Identifying Important Elements in Communication

Communication as discusses earlier forms a crucial part of marketing. It becomes evident to discuss the components that together form the communication. In this section we also discuss the Integrated marketing communication process. Besides identifying the elements and stages of communication, the section emphasizes that the communication process is two way in the modern marketing communication. For agencies participating in the communication process, it is important to first identify the target audience and then design the appropriate marketing mix to reach to the target audience.

Pickton and Broderick (2005) begin discussion on marketing communication by first discussing the four important components of the communication process, as (a) the sender (b) the message (c) the media and (d) the receiver.

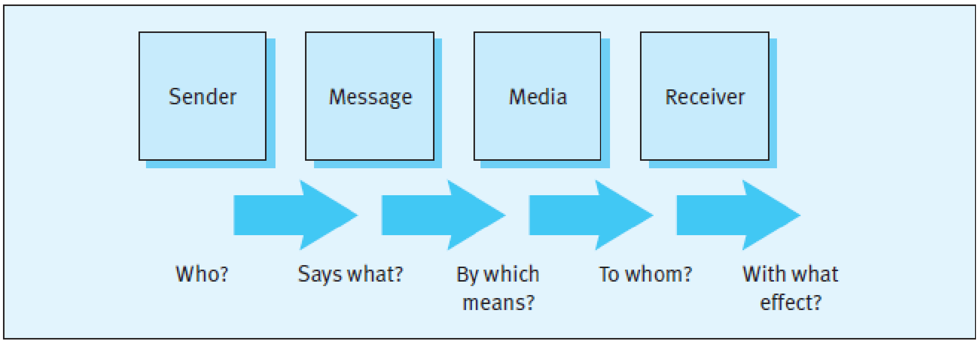

Figure2.2: The communication Process

(a) **Sender** – In any form of communication process the trasmission of message begines with the sender. This sender can be an entity or an individual or a group of individual. In the process of communication, the reputation of sender does not only provide credibitlity to the message but also validation and attractiveness.Such reputation also determine how the receiver interprests the message.

(b) **Message** – a message is a piece of information or knowledge shared by the sender. A message is usually coded in the language that can be comprehended by specific reciever. The content of a message can be of varied nature. For example, a message can be an invitation, or a news, a report, a response, a point of view, and so on. Depending on its nature, the content of the message is designed. Some of the basic **qualities of good message** are credible, ubiquitous, precise, clear and creative.

(c) **Media** – A media is a channel through which a message is transferred. In the case of face to face communication, verbal cues are used and voice (audio) is the channel of communication. The medium of the message is determined by the nature of content of the message as well as the receiver. In case a message is private and confidential, the sender will have to transfer it through a secure and confidential medium, whereas if the message contents, general information, the choice of medium may change. Also, a medium may differ in case of an individual from that of in the case of group. Some examples of channels or medium are videos, written notes, billboards etc.

(d) **Receiver** – A receiver may be an individual or group of people or an entity for whom the message is intended at the first place. Once the message is received, the receiver may interpret the coded message and draw relevant inferences from it. However, the communication process does not terminate with this step. Every communication process involves a feedback mechanism, where the receiver has the option to examine the message and send a message back to the sender. Availability of such feedback mechanism ensures, two way communication that the receiver has encoded the message appropriately and provides the opportunity to address the discrepancies.

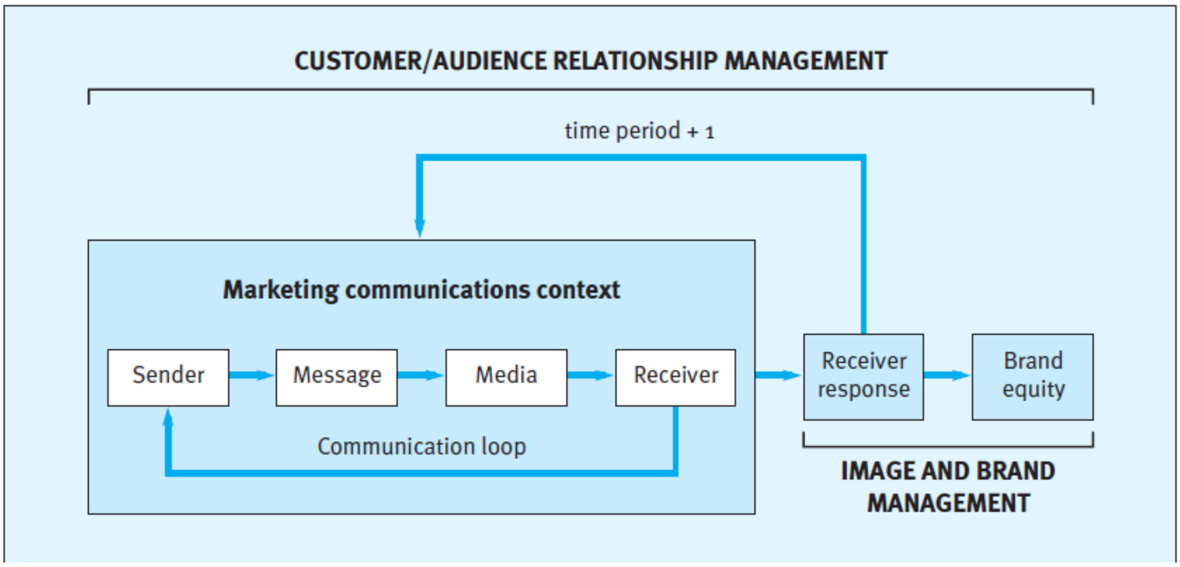

Figure-2.3: The IMC Process Model

Pickton and Broderick (2005) also discuss the IMC process model of communication which involves customer relationship management. The author argues that in the marketing communication context, it is important to consider both micro and macro environment in which the communication takes place. These environments can shape the nature as well as the meaning of the marketing communication. The second important dimension in this process is the communication loop. The loop here represents the two-way nature of communication. The author argues that the loop is not free from the challenges of encoding, decoding and the noise. While the one-way communication captures the flow of communication from the sender to the receiver, where there is no dialogue or feedback, the two-way asymmetric communication is possible when the communication flows between the sender and the receiver and back again but the feedback response however remains delayed and does not fully qualify for a dialogue. Nevertheless, in the two-way symmetric communication there is a direct dialogue established between the sender of the message and the receiver. Now, this form of communication does not only prove beneficial for personnel selling but with the advent of technology new opportunities have been created for an interactive and near immediate response. Even in the case of mass media communication such two communication have turned out to be useful. Today, the two-way communication process is incorporated in TV shows, internet, and telephone call centres. This two-way communication process augments the marketing communication process by limiting the effects of noise, and possible misinterpretation while decoding the message. The communication loop thereby grants an advantage by establishing a dialogue between the sender and the receiver. However, the loop is established depending on attitude, association and loyalty of the between the receiver and the sender. This is identified by Pickton and Broderick (2005) as Brand Equity.

If we notice the figure above, we can observe Time period + 1. This phase Time period+ 1 denoted that the brand equity of a product is built and even changes during this communication process and subsequently can affect the outcome of a communication process in a given time period + 1. Thus, the two phases of the IMC process model outline the two strategic goals for IMC and the management of IMC process.

Brand equity has been defined as: **the strength, currency and value of the brand … the description, and assessment of the appeal, of a brand to all the target audiences who interact with it**
(Cooper and Simons 1997, pp. 1–2)

Target audiences

Identifying target audience is an important task in marketing communication. It is also important to understand the difference between a consumer and a customer. While the target market describes the customers as the people or groups who purchase those goods and services, the consumers are the people or group who actually use or consume those goods. It is possible at times that the customer and consumer are the same people, however at other occasions they may be different people. For instance, in the case of baby products, the people who buy them are customers (as they are not themselves consuming the goods) but this baby food are eventually consumed by babies who do not purchase the goods (therefore not the customers). However, while creating a marketing communication both these customers and consumers are to be considered. Pickton and Broderick (2005) given examples of promotion of toys, where preference of both kids and their parents are to be taken care of. There IMC has to approach the two- target audience together at the same time.

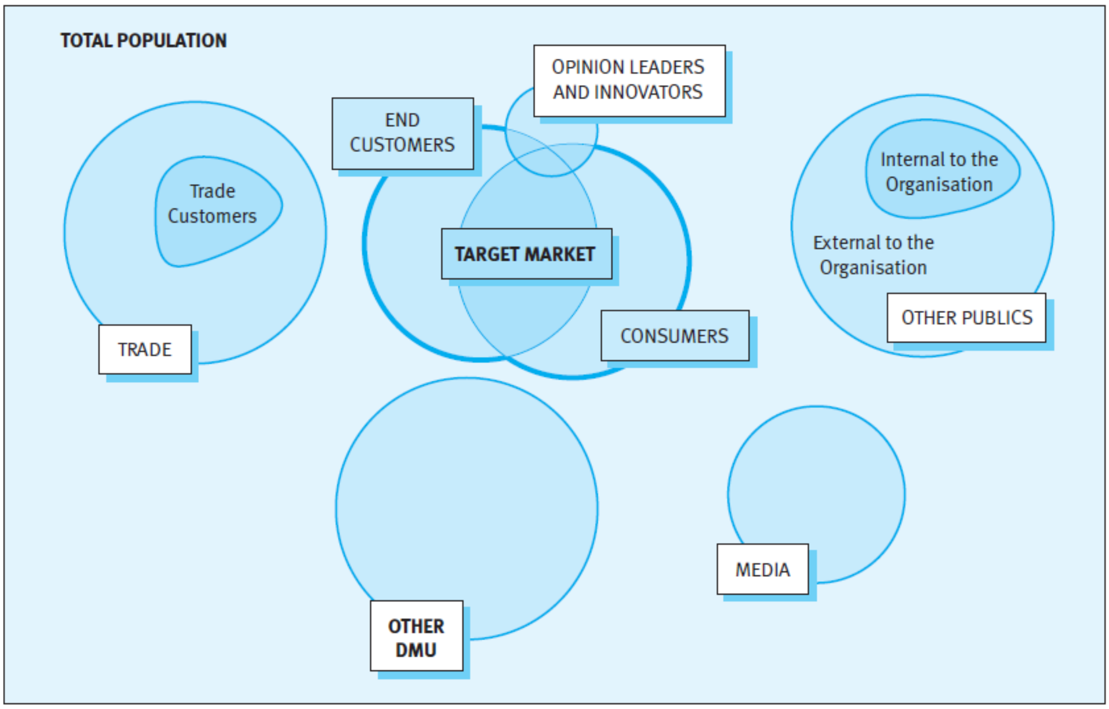

Figure2.4: The selection of target Audiance

In the above figure Pickton and Broderick (2005) identify the diverse target audience. The target audience as described by the author besides the customers and the consumers include traders, media houses, opinion leader and innovators and to an extent other public. The traders as listed by the authors may include the potential traders who can be potential partners in the supply chain namely – the wholesalers, the retailers and the distributors. The media houses are agencies responsible for collective communication such as printing presses, large mass media communication houses, cinemas, broadcasting etc.. Opinion leaders are the target audience who participate in the communication process and provide their values and feedback for the product development. Through the marketing communication the organization also tries to communicate to the people or masses who do not fall into the definition of target audience and be future targets.

The IMC Mix model

Pickton and Broderick (2005) discusses the communication process as incorporated in the Integrated marketing mix.

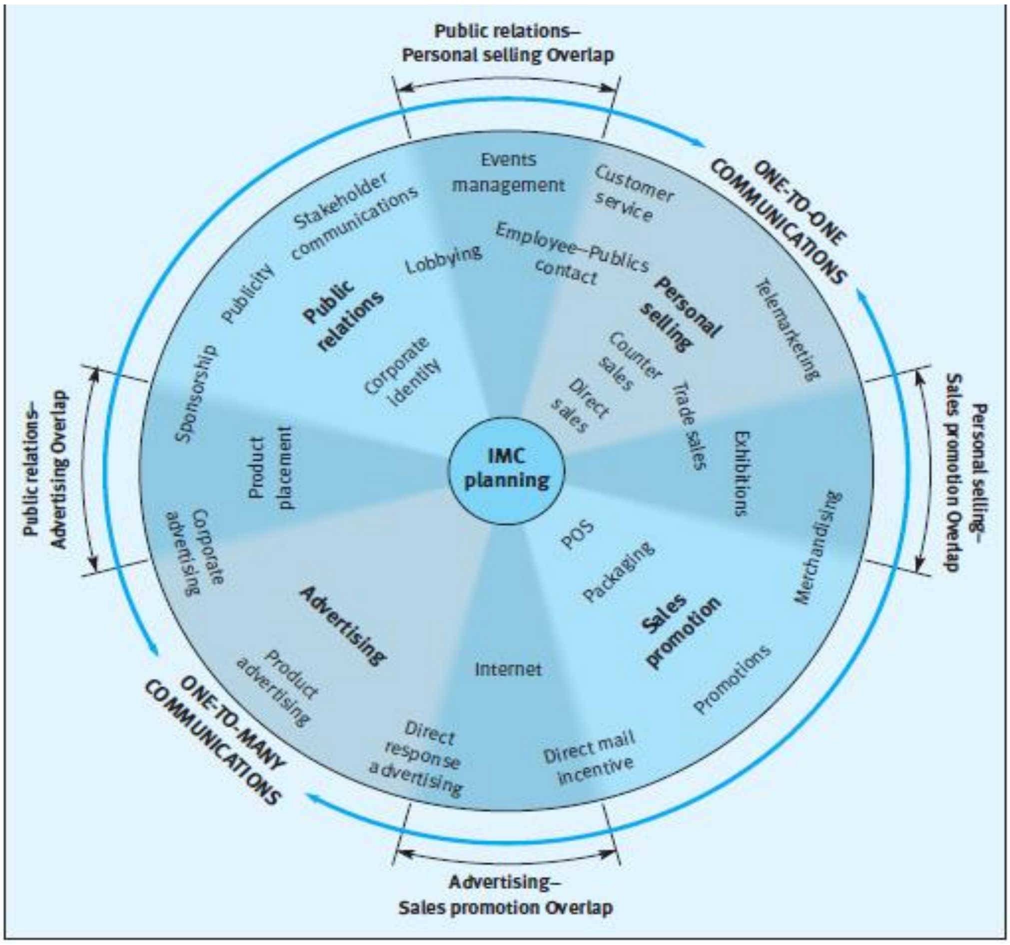

Figure2.5: The IMC Mix Model

The marketing communication according to Pickton and Broderick (2005) take two forms – one to one communication and one to many communications.

a. **One to one marketing** – this form of communication encompasses a mix of personnel selling and sales promotion. The core one to one communication involving personnel selling examples lie in the grey region in the figure above. The mix of personal selling and sales promotion lie on the both sides of this region. Some of the examples are direct sales, counter sales, telemarketing, customer service, exhibitions, employee public contact etc..

b. **One to many marketing** – this form of marketing mix uses the mix of public relations and advertising. Some of the IMC mix incorporating this communication process are corporate advertising, internet, packaging, product placement etc..

2.2. Information processing approaches and human cognition

In the previous section we identified some of the important elements in the communication process. Here we discussed the significance of the target audience and how the appropriate marketing and promotion mix can serve the objectives of the marketing communication. We also discussed the advantage of two-way communication over the one-way communication. In this section, now we proceed to develop an understanding of what happens between receiving a message and preparation of the response. While scholars across disciplines have identified the role of cognitive science in decision making, in the area of marketing communication too, scholars have highlighted the role of cognition in development of response to the message an individual receives. Percy (2008) discusses the various stages of message processing wit the aid of various models. In the sections that follow, we discuss some of these models in brief.

Message processing

Percy (2008) discusses that processing is the term associated with short term attention paid to the marketing communication. This processing of information occurs every time an individual is exposed to a message. In the process of marketing communication, the message may be delivered to a target audience through traditional advertising, packaging, promotion or the brand name. according the author the processing captures the response of the individual to the message. A desired response is only achieved when the information is processed in an anticipated way.

Communication response sequence

Percy (2008) argues for further steps of information processing paradigm in the context of IMC.

Exposure → Processing → Communication Effect → Target Audience Action

One the target audience or the receiver receives or is exposed to a piece of information, they begin to process the information. This process leads to outcomes which might be favourable or not favourable for the organization. Good amount of exposure can be gained only when the marketing communication is well planned. Hence strategic decision regarding identifying the prospective target audience, which would ensure sufficient processing of the message. Nevertheless, a perspective audience might require multiple exposures before sufficient attention is paid. Besides this at some occasions additional messages may be required by the audience before the actual purchase is made. Such situations hold true even in the case of current brand users. Therefore, if the audience are not frequently reminded, a frequent purchase of the object may not be expected. The author argues that in a market scenario multiple products and multiple messages compete to gain attention of the target audience. Therefore, if two brands are competing to gain attention of the audience, the competitor's communication could trigger the audience to be selected over their own brand. However, if a prospective audience is brand loyal, competitor's message would not make a difference.

Message processing responses

Once the target audience has received the response, on processing the message they develop responses towards the product. The content of the message and the media play a critical role in forming the trigger for the response.

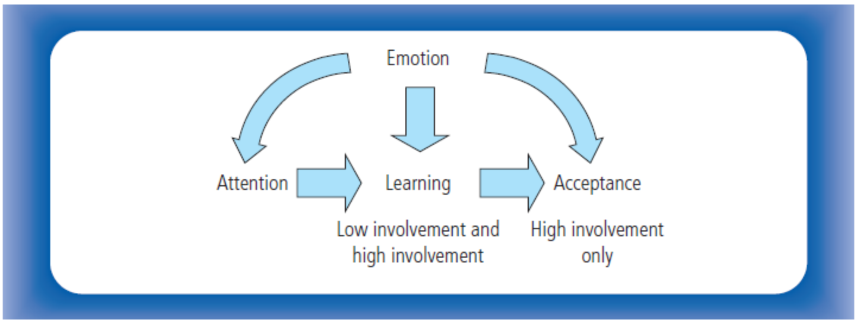

Figure2 02: Response Process

According to the author there are four probable responses to processing - attention, learning, acceptance, and emotion (captured in the figure below). According to the author, emotion is the origin of three of the responses in the information processing.

1. **Attention** – according to the author attention marks the beginning of the process, before the responses actually occur. Without the conscious attention to the message the complete processing of the message will be difficult. The author argues that complete processing of the message happens in functional memory (when the individual is alert), where the new information is deliberately integrated with already available information and knowledge. But a low level of learning can be expected at low level of attention or alertness. Once the attention is achieved, it depends on the content of the massage (often displayed on the package, billboard, or on brochure) to enable the processing.

   The author discusses the notion of attention as has been discussed by Broadbent (1958) in his filter theory. This theory argues that people have the ability 'to block or weaken' the messages they do not want to receive (the messages coming to the brain from their sensory organs). As a result, an individual is able to limit their attention and filter the messages from their memory. Therefore, in the area of IMC it is important to understand both conscious and unconscious attention and that most unconscious attention will not lead to a full processing of a message.
2. **Learning** – the next stage of processing response comprises of learning. At this stage some of the information gets stored in the memory. In case of products that requires low involvement from the customers, learning would have to be high in order to trigger positive attitude towards the brand. The again, with the already existing users, re learning is a benefit from IMC, which reinforces brand attitude and awareness. Whereas in the case of high involving products, it is not only expected from the IMC that the target consumers only learn about the product or brand but also that the accept the message. The learning phase enables the target audience to integrate the current knowledge with the existing knowledge about the competing brands and different product category. Such knowledge and learning enable the new audience develop brand attitudes and make purchase decisions or reinforce the brand attitude and the purchase behaviour.

   In the process of creating brand attitude, the target audience needs to learn well about the product and the benefit it may offer. It is also the responsibility of the marketing communication to highlight the association of the brand name with its benefits (so that they turn synonymous). For example, the brand attitude Dettol products have gained as an antiseptic or hygiene products. There are several ways in which this kind of positive association can be created, for instance with packaging, advertisement. For instance, in case of Dove Shampoo, the image above, where they introduced a range of shampoos. In this promotion, can associate with the issues of hair during the monsoon season. This creates a low involving decision that creates a positive feeling and assurance.

3. **Emotion** - Emotion as has been represented in the figure above is the root of attention, learning and acceptance. The author argues that everyone in their life take aid of emotion to respond to situations in life. A piece of message generates kinds of emotions in an individual, which me either negative or positive in nature. In the case where a message generates negative emotion, the individual does not learn anything about the product or the brand. This might result is hatred towards the brand or packaging. In the case where the message generates positive emotion, the individual begins associating with the product. Such association at times may be sufficient for appealing the preference of the individual. In case of such messages the product requires lower involvement. In the later stage of processing, when a message gains attention, has the potential to initiate, reinforce, or increase communication effects for a brand. However, for those who come to interact with the message for the first time, they become aware about the product. The customers who are already using the brand, on receiving the message may repeat their decision of purchasing the product. For such customers their attitude towards the brand gets strengthened with the repeat. Nevertheless, if in the process, the individual starts processing the message from competing products or brands, it may interfere with the message of the initial product. Such a scenario is possible for casual brand users. Business organizations and their IMC should be aware that the target audience is processing the messages through variety of sources and brands.

   Therefore, stronger a products marketing communication, the greater chance it has of gaining the customer against the message of the competitor. Therefore, the author emphasises on creating powerful messages that would enhance processing and development of positive attitudes that could remain unaffected by the messages of competing products. Percy argues that the unconscious processing of the message facilitates a bottom up process. This process works in contrast to the top-down model which is associated with the explicit and conscious mind.
4. **Acceptance** - The last phase of Acceptance is closely linked with learning. In this process of marketing communication, after gaining attention of the target audience, it is assumed that the audience has learnt something about the brand. Percy argues that in the case of low involving products, this may involve the name of the brand and the primate benefits associated with the name of the brand. However, in the case of high-involvement products simple learning about the products will not be enough. Such products would require that the target audience must accept the product.

In this section we discussed how various business organizations have taken help of the promotional mixes to appeal to the psychology of the consumers and the target groups. Here we also discussed the several important steps of processing where an individual takes aid of already acquired knowledge to arrive at a purchasing decision.

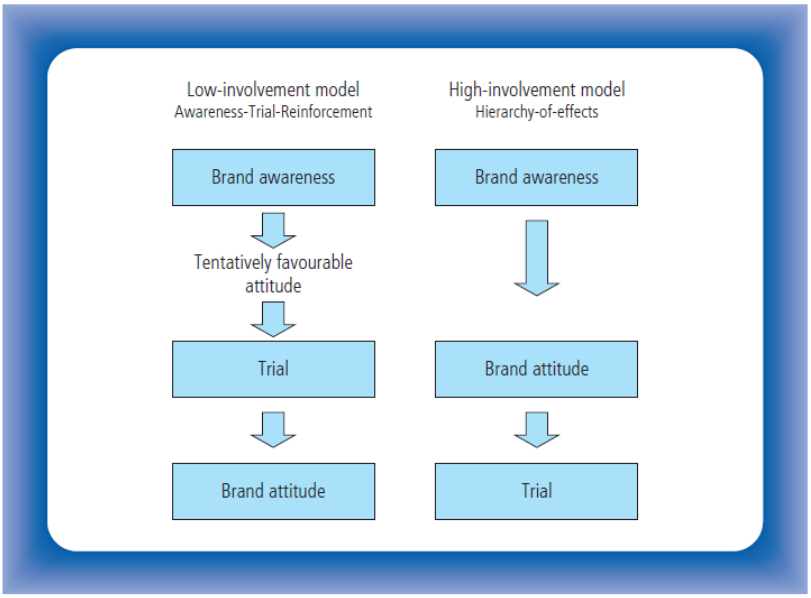

Figure 2.3: Basic Consume decision model

The author distinguishes between the expected outcomes of marketing communication in the case decision making process. The author argues that in the case of low involvement product brand awareness is followed by trial. It is assumed here that with the advertisement the target audience tentatively creates a favourable attitude towards the product. Whereas in the case of high involvement product, the target audience takes time for creating brand attitude. So, unlike the case of low involvement product, where the trial of the product decides the brand attitude, in the case of high involvement product the trial is preceded by brand attitude.

2.3. AIDA model

In the previous section we discussed how marketing communication can create brand attitudes by regularly reaching out to their target audience through the aid of promotion and advertisement at every stage of the communication processing. AIDA model is one of the models proposed under the Hierarchy of effect model which throws some light on the changing effect of communication at every stage of processing. In this section we discuss the various stages in the decision making as carried out by the consumers in response to the marketing communication. Pickton and Broderick (2005) argue that the hierarchy of effects models depict the stages of message processing when they are exposed to marketing communication (as has been discussed in the below figure-8). The author discusses three hierarchy of effect models. In this section we discuss one of this Model – AIDA and the various criticisms it has received.

AIDA model	DAGMAR model	ATR model
Awareness	Awareness	Awareness
Interest	Comprehension	Trial
Desire	Conviction	Reinforcement
Action	Action	

Figure2.4: The Hierarchy of Effects models.

In order to persuade the customers and to promote specific response, marketing communication has resorted to the classic AIDA model. According to the author, IMC aims to facilitate successful promotion at each step of this communication process. Varey argues that the AIDA model was proposed around 1900 by E. St Elmo Lewis. The model describes the anticipated effect of marketing communication of the consumer thinking, and how it shifts from grabbing attention to creating interest to, creating desire to driving action. Varey argues that each of these steps depend on the need of the individual target audience. Varey (2002) argues that it will folly to assume that the consumers are a passive recipient of a promotional message. The contemporary marketing strategies propose that whenever a message is transmitted, there is an interaction between receiver and the message. The message is interpreted by the receiver in a particular context, attitude and belief. This notion where the buyers take up active searches for products that would satisfy their needs. The author terms this phenomenon as 'reverse marketing' 'buyer's initiative' and 'proactive procurement'.

We discuss AIDA – Awareness, Interest, Desire and Action model in brief here.

1. **Attention**. – the major objective of promotions is to grab attention of its target audience. The words most frequently associated with attention are – 'Extra', 'Free', 'Win' and 'Special'.

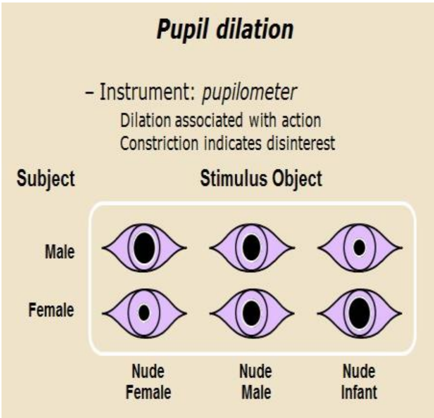

Image 2.2: Colgate Palmolive promotion and Nextplus promotion

2. **Interest** – through the aid of promotion products may introduce novelty and amusement. Some of the methods for creating interest are competitions, lucky draws, prizes and scholarships.

Image 2.3: Colgate promotion for creating interest

3. **Desire** – The next stage in the process is desire. Once the interest is created for the product the next stage it to create the desire to own the product. At this stage the promotions and the brands aim to encourage the target audience to purchase the product.
4. **Action** – when a marketing communication plans to carry to promotion for a product, it aims to go beyond advertising, to gain direct response for the consumer in terms of overcoming previous objections, replacing a good and sampling of product. While advertising is one-way communication promotion is a two-way communication, thereby establishing dialogues. The prime objective of promotion thereby should be sales, increase in sales and increase in rate of consumption. Thereby the role of promotion is crucial to marketing communication. For example, in the promotion mentioned earlier for Colgate – the competitions and the scholarships create opportunities for two-way communication between the brand and the consumers.

Kitchen and Shultz (1999) argues that for long advertisements have been used as tool to persuade customers. However, the customers are not to be considered passive recipients of the messages as the advertisements work through the hierarchy of effects. The conception of AIDA model as a measure of Hierarchy of Effects has been criticized by Barry and Howards, 1990. AIDA has been criticised by Shanker (1999) for being too simplistic. Kitchen argues that advertising builds association between brand names and attributes, which then influences the decision-making process at an intuitive rather instead of conscious level. The competitive goods available in the market therefore have the potential to substitute the original product under consideration. AT this point advertising plays an important role in reinforcement of existing purchasing behaviour and even persuading some of them to purchase them more often. While the preference towards a product are formed only after the target audience have tried the product, and only when a product has had a strong influence of the individual. Only in such scenario the marketing communication had achieved its objective and can expect a reinforcing behaviour. Therefore, advertising can have substantial benefits in a mature market. However, the absence in the market and failure to create regular awareness about the products may result in loss of market share.

2.4. Hierarchy of effect model and the Innovation adoption curve

In this section we discuss some of the most referred models in marketing communication. As we discussed in the previous section that Hierarchy of effects model, studies the gradual effects of promotion on the target audience once they have been exposed to a piece of message. Pickton and Broderick (2005) argue the theory of hierarchy of effect model is grounded on the psychology of attitude. According to the author, attitudes have three main components – the cognitive, affective and conative components.

2.5 Hierarchy of Effects Model

Varey (2002) elaborates on the Hierarchy of effect model. The author outlines the six stages of this model as developed by Robert J Lavidge and Gary A Steiner in 1961- awareness, knowledge, liking, preference, conviction and purchase. We discuss each of these stages of this model in brief here.

1. **Awareness**: this step is considered most important step as it marks the beginning of the process. Products and channels of marketing communication must ensure that customers are made aware of the brand or the product itself. For example, the customers who are more sensitive about the environmental related issue and the significance must be made aware about the brand is manufacturing or packaging the product in a manner to reduce waste and contributing to a healthier environment. For instance in the promotion of Econavi air-conditioner by Panasonic which emphasises on saving energy, for further details see - https://www.youtube.com/watch?v=Sb8c4QYCZhw, https://www.youtube.com/watch?v=0YflFuRAGIo.
2. **Knowledge**: At this stage the customer evaluates the current price of information. If the current piece of information is new the customer evaluates it against already acquired knowledge about other products. If the piece of knowledge is important the individual may retrieve the information in their memory.
3. **Liking**: in the next stage of liking, a customer develops attitudes towards a product or brand. If the product is considered to serve any emotional benefit to an individual, they may develop a positive attitude (liking) towards that product. For instance, if a customer is aware of environmental issues and has knowledge of issues related to energy conservation, the customer may evaluate the products he has knowledge of existing products and brands in the market which serves his or her motional requirement. Post evaluation the customer may develop attitudes towards specific products which may be positive or negative.
4. **Preference**: Once the customer develops a positive attitude towards a product, the customer is convinced that he or she wants to try that product. However, it is possible that the customer may have developed same attitude for some other product, similar to the one under consideration. Therefore, in order to trigger the preference for a product or brand, marketing communication should aim at highlighting the factors the factors that distinguish their products from those of others. For instance, of there are multiple products which claim that they are effective for saving energy. In order to be preferred by the customer, the marketing communication should be able to communicate other added benefits of the product or brand.
5. **Conviction** – at this stage the preference towards a product is converted into a purchasing decision. This stage attempts to take care of the doubts or questions existing in the minds of the customers. Test drives, samples are some ways the brands may like to clarify the doubts. This step and such strategy at times can result in purchasing the product and ever can push the customers to switch products. Such trials can also facilitate building loyalty.
6. **Purchase** – it is the last stage of the model, where the individual carries out the purchasing. The organization needs to ensure that the purchasing the product is an enjoyable experience for the customer. These days outlets keep simple and multiple payment options to facilitate the purchasing process. Besides this, the organization should take help of the trade customers like retailers and wholesalers so that products are made easily available to the customers on the shelf.

This model facilitates the marketing communication tool to facilitate the consumers as they go through the six steps. The model of Hierarchy of Effect measures the effects of marketing communication at each step of message processing. The author argues that number of individuals participating in the buying process decrease at each step. The authors argue that the hierarchy of effects on three main stages of consumer behaviour.

1. **Cognitive** – This is important stage, where an individual gathers knowledge regarding the product and brand and evaluates them. This process creates awareness in the individuals about the product, its advantage over other products. In this stage the individual rationalises the specifications of the product.

2. **Affective** – this stage is associated with the feeling of the individual customer or consumer. This reflects strong positive or negative feeling towards it.

3. **Conative** – this stage captures the behaviour of the individual. This is a post evaluation stage where the customer has already considered the pros and cons of the product and makes up the decision to actually purchase the decision.

This model acts a guide for advertisers to plan and design their strategies ensuring that all the customer participate in the six stages of purchasing process - awareness, knowledge, liking, preference, conviction and purchase.

Varey () argues that communication signifies that message does not move from one place to other rather it is a means to end. It is formed with an objective to be used by the social actors to attain a desired goal in the daily life. While meaning and message are often perceived to be same thing, there lies a huge difference between them. Since for human beings, information processing is not a simple process, a single message can convey multiple meanings. In simple words, marketing communication may expect desired consumer's attention in response to the marketing activity, but in actual scenario the turnout response may not be same as expected.

Howard–Sheth model of consumer behavior

Varey discusses another model that elaborates on purchase decision making process. According to this model, when a message is received it is processed by perception, judgement and learning of the individual. Several factors come into play including Symbolic factors representing identity, image and our self-esteem, and arise, Social factors such as power, wealth, prestige, relating. According argument proposed by this theory, an individual's behaviour towards an object depends upon their symbolic meaning denoted to it by the society.

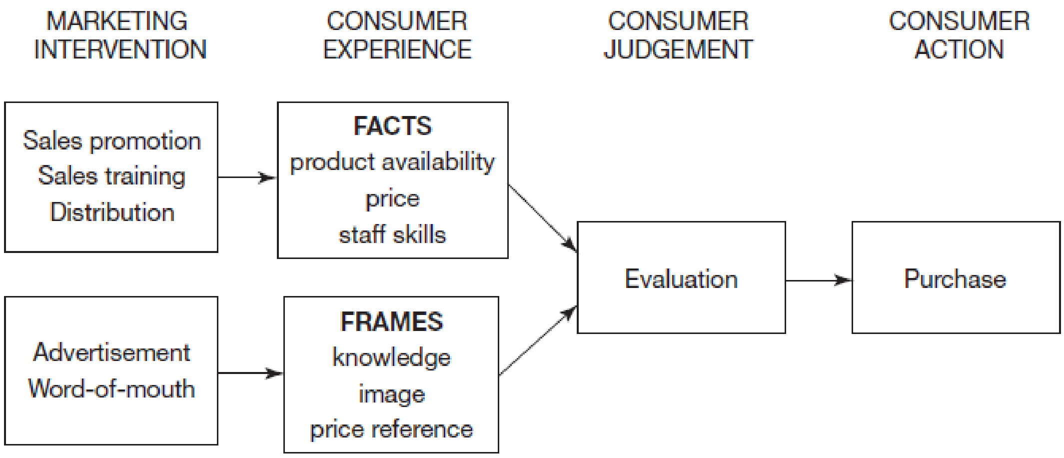

Figure2.5: Effects of Marketing interventions on Consumers by Varey (2002)

In the above figure Varey (2002) describes the effects of marketing interventions on consumers. As highlighted in the figure, the author emphasises on two components of judgements – facts and frames. The facts originate from the environment, whereas the frames originate in the minds of the people. Individuals therefore tend to differ in their judgement, as they depend more on their mental frames. According to this figure, individuals use the frames and facts to evaluate their needs with the products available before carrying out a purchasing.

Product diffusion model

The modern market is flooded with innovative goods and services. The biggest challenge for marketing communication is to plan its various stages. In the decision-making process, it has also become important to highlight the innovative aspect of the product. Such communication demands adoption and diffusion of the new product. Rogers (1983, 1986) argues diffusion to be a process through which the innovation is communicated among the target audience in a period of time. Varey () identifies five different categories of adopter as following –

a. **Innovators** – these are individuals who like new ideas and have the capacity to take risks. Specifically, these people have the financial capacity to spend money on the innovative products in order to try and test them.
b. **Early Adopters** - these are group of people who are open to new ideas. These people are well educated and are aware about the significance of their opinion about their products.
c. **Early majority** – these are group of people who depend on opinion of their friends and family (who have already gained experience with the product) regarding purchasing decision.
d. **Late majority** – these are group of people who are not so much open to new idea but they are forced to adopt new technological product because of social and economic pressures.
e. **Laggards** – these people are sceptical about new ideas and they rely on old time-tested fixed ways of thinking. Also, these people have little money they are willing to spend on the innovative products.

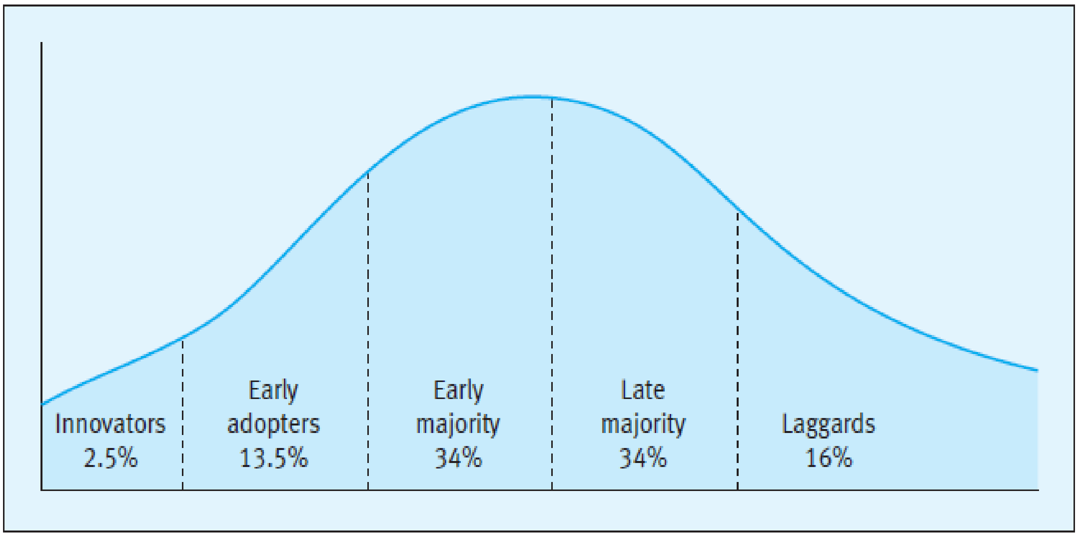

Figure 2.6: Distribution of product adoption category

Give the distinction in the purchasing behaviour of the five groups discussed above, these groups would require different marketing communication approaches to make the message reach them. Pickton and Broderick (2005) argues that keeping in mind different target audience, a distinguished emphasis on promotional elements involved in a product life cycle. At the very initial stage of the product cycle, where a new product is being introduced, the marketing communications mix need to focus on the innovators, the opinion leaders and the early adopters. As the product reached out to the mass market through growth, the early and the late majority can be targeted. As the product moves into its maturity stage the laggards can be targeted in the communication mix.

Varey next discusses the four models of adoption and diffusion process.

To Do Activity:

1. Identify the two major recycling companies

   1.1. Discuss the diffusion stages of its latest innovative product.

   1.2. Identify the IMC mix used to promote this product.

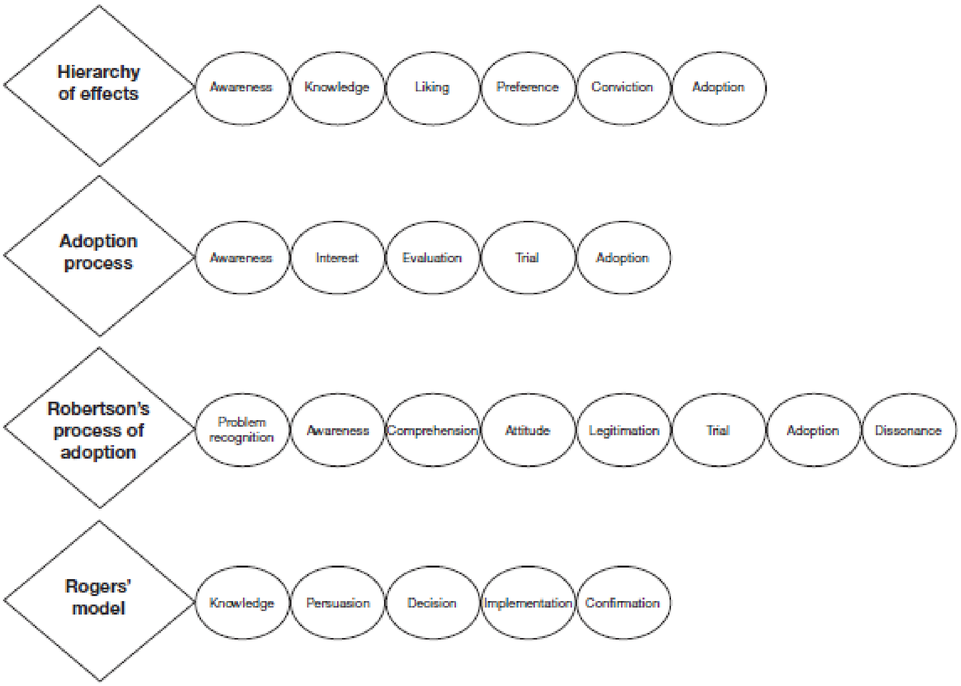

Figure 3.10 **Models of the adoption/diffusion process**
Source: Based on Wells and Prensky, 1996: 493

Pickton and Broderick (2005) argue that the marketing communication forms a bridge between the message content and the expected response. These models have often been criticised for being too simplistic in their approach where they have assumed a linear cause and effect sequence. The author proposes a more complex model of Exposure – Reception – Cognitive Response – Attitude – Intention – Behaviour). Nevertheless, the author argues that none of these models work independent of other.

Summary – this unit discussed the marketing communication process and its various stages. The chapter highlighted the significance of human cognition in decision making process. We discussed various models such as Hierarchy of effects model – AIDA and Innovation adoption model to highlight how the message of communication can successfully pitch in to create brand attitude. Also, in this chapter we discussed how IMC can utilize each of these stages strategically to promote and push their products by defining their target audience.

Important Readings

1. Broderick, A., &Pickton, D. (2005). *Integrated marketing communications*. Pearson Education UK.
2. Percy, L. (2008). *Strategic integrated marketing communications*. Routledge.
3. Kitchen, P. J., & Schultz, D. E. (1999). A multi-country comparison of the drive for IMC.
4. Varey, R. J. (2002). *Marketing communication: principles and practice*. Psychology Press.

Chapter 3 Planning for Marketing Communication (Marcom)

Introduction

A marketing communication plan (or marcom plan) is a plan to communicate your marketing messages to your target customer audience. It is one component of your overall marketing plan (which also includes strategy, competitive analysis, etc). Media planning is the series of decisions involved in delivering the promotional message to the prospective purchasers and/or users of the product or brand. Media planning is a process, which means a number of decisions are made, each of which may be altered or abandoned as the plan develops. The media plan is the guide for media selection. It requires development of specific media objectives and specific media strategies (plans of action) designed to attain these objectives. Once the decisions have been made and the objectives and strategies formulated, this information is organized into the media plan.

Objective

The key objective of this unit is

- To help students understand and be able to establish a marketing communication plan
- To provide them insights of setting objective of marketing communication
- To help them understand the budgeting process and the factors influencing them

3.1. How to build your marketing communication plan

1. **Start with a solid marketing strategy:** understand your market, understand your customers, understand your competition, and understand your unique selling proposition (USP).
2. **Have crisp, compelling messages** that will resonate with your target customers. Address an immediate need or issue, Develop clear benefit statements (not just features),Create a strong brand with a **memorable business name,** Use a key message as **an eye-catching tagline** that will market you for free.
3. **Cover all primary communication channels** that your customers rely on for their information.

There are many channels you could choose to communicate your message. Focus on those venues and vehicles where your best target customers gather or go for solutions to their problem.

3.2 How a media plan is developed and what are the various strategies used for its implementation?

Setting media objectives

Purpose: To translate marketing objectives and strategies into goals that media can accomplish.

Determining media strategy

Purpose: To translate media goals into general guidelines that will control the planners. selection and use of media. The best strategy alternatives should be selected.

Selecting broad media classes

Purpose. To determine which broad class of media best fulfills the criteria. Involves comparison and selection of broad media classes such as newspapers, magazines, radio, television, and others. The analysis is called intermedia comparisons. Audience size is one of the major factors used in comparing the various media classes.

Selecting media within classes

Purpose: To compare and select the best media within broad classes, again using predetermined criteria. Involves making decisions about the following:

1. if magazines were recommended, then which magazines?

2. if television was recommended, then

a. Broadcast or cable television? c. if network. which program(s)?

b. Network or spot televisior.? d. if spot, which markets?

3. if radio or newspapers were recommended, then

a. Which markets shall be used? b. What criteria shall buyers use in making purchases of local media?

Media use decisions broadcast

1. What kind of sponsorship (sole, shared, participating, or other)?
2. What levels of reach and frequency will be required?
3. Scheduling: On which days and months are commercials to appear?
4. Placement of spots: in program; or between programs?

Media use decisions print

1 Number of ads to appear and on which days and months

2 Placement of ads any preferredposition within media?

3 Special treatment: Gatefolds, bleeds, color, etc

4 Desired reach or frequency levels

Media use decisions--other media

1. Billboards

a. Location of markets and plan of distribution

b. Kinds of outdoor boards to be used.

2. Direct mail or other media:

Decisions peculiar to those media.

Figure 3.1 Strategies for Implementation of media Plan

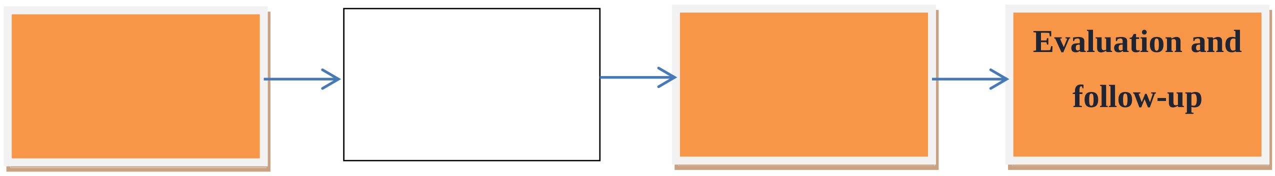

Figure: 3.2 Developing Media Plan

Developing a Media Plan

Market Analysis and target Market Identification: This step tries to address mainly 3 important questions.

1. **To whom shall we Advertise:** In a specific market also, marketers may decide which specific segment to target. For this, indexes are considered to more useful compared to raw numbers.An index number over 100 means use of the product is proportionately greater in that segment than in one that is average (100) or less than 100. While Simmons and MRI provide demographic, geographic, and psycho graphic information, other factors may be more useful in defining specific markets.
2. **What internal & external factors are operating:** Media strategies are influenced by both internal and external factors operating at any given time. Internal factors may involve the size of the media budget, managerial and administrative capabilities, or the organization of the agency. External factors may include the economy (the rising costs of media), changes in technology (the availability of new media), competitive factors, and the like. While some of this information may require primary research, much information is available through secondary sources, including magazines, syndicated services, and even the daily newspaper.
3. **Where to promote**: The question of where to promote relates to geographic considerations. Companies often find that sales are stronger in one area of the country or the world than another and may allocate advertising expenditures according to the market potential of an area. For years, Whirlpool has had a much greater brand share of the appliance market in the East and Midwest than in the Southeast and West. The question is, where will the ad dollars be more wisely spent? Should Whirlpool allocate additional promotional monies to those markets where the brand is already the leader to maintain market share, or does more potential exist in those markets where the firm is not doing as well and there is more room to grow? Perhaps the best answer is that the firm should spend advertising and promotion dollars where they will be the most effective—that is, in those markets where they will achieve the desired objectives.

Some indexes that help decide areas for promotions are:

1) Survey of buying power Index
2) Brand Development Index

$$\text{BDI} = \frac{\text{Percentage of Brand to total U.S. Sales in the market}}{\text{Percentage of total U.S. Population in the market}} \times 100$$

3) Category Development Index

$$\text{CDI} = \frac{\text{Percentage of product category total sales in market}}{\text{Percentage of total U.S. population in market}} \times 100$$

The following chart represents how these indexes can be used for identifying focus areas for promotion.

Table: 3.1 How these indexes can be used for identifying focus areas for promotion.

	High BDI	Low BDI
High CDI	High market share Good market potential	Low market share Good market potential
Low CDI	High Market share Monitor for sales decline	Low market share Poor market potential
High BDI and high CDI	This market usually represents good sales potential for both the product category and the brand.	
High BDI and low CDI	The category is not selling well, but the brand is; probably a good market to advertise in but should be monitored for declining sales.	
Low BDI and high CDI	The product category shows high potential but the brand is not doing well; the reasons should be determined.	
Low BDI and low CDI	Both the product category and the brand are doing poorly; not likely to be a good place for advertising.	

Establishing Media Objectives: The media objectives are not ends in themselves. Rather, they are designed to lead to the attainment of communications and marketing objectives. Media objectives are the goals for the media program and should be limited to those that can be accomplished through media strategies.

Developing and implementing Media Strategies: The following are the criteria that are considered in the development of media plans:

a) **The media mix** - A wide variety of media and media vehicles are available to advertisers. The objectives sought, the characteristics of the product or service, the size of the budget, and individual preferences are just some of the factors that determine what combination of media will be used. By employing a media mix, advertisers can add more versatility to their media strategies, since each medium contributes its own distinct advantages (as demonstrated in later chapters). By combining media, marketers can increase coverage, reach, and frequency levels while improving the likelihood of achieving overall communications and marketing goals.

b) **Target market coverage -** The media planner determines which target markets should receive the most media emphasis. If media coverage reaches people who are not sought as buyers and are not potential users, then it is wasted. The goal of the media planner is to extend media coverage to as many of the members of the target audience as possible while minimizing the amount of waste coverage.

c**)** **Geographic coverage -** The objective of weighting certain geographic areas more than others makes sense, and the strategy of exerting more promotional efforts and dollars in those areas follows naturally.

Scheduling: The primary objective of scheduling is to time promotional efforts so that they will coincide with the highest potential buying times. Three scheduling methods available to the media planner—continuity, fighting, and pulsing. Continuity refers to a continuous pattern of advertising, which may mean every day, every week, or every month. Flighting, employs a less regular schedule, with intermittent periods of advertising and non-advertising. At some time periods there are heavier promotional expenditures, and at others there may be no advertising. Pulsing is actually a combination of the first two methods. In a pulsing strategy, continuity is maintained, but at certain times promotional efforts are stepped up.

Table 3.2 Advantages and disadvantages of scheduling methods

Advantages	**Continuity** **Serves as a constant reminder to the consumer** **Covers the entire buying cycle** **Allows for media priorities (quantity discounts, preferred locations, etc.)**
Disadvantage	**Higher costs** **Potential for overexposure** **Limited media allocation possible**
	Flighting
Advantages	Cost efficiency of advertising only during purchase cycles May allow for inclusion of more than one medium or vehicle with limited budgets
Disadvantages	Weighting may offer more exposure and advantage over competitors Increased likelihood of wearout Lack of awareness, interest, retention of promotional message during nonscheduled times Vulnerability to competitive efforts furing nonscheduled periods.
	Pulsing
Advantages	All of the same as the previous two methods
Disadvantages	Not required for seasonal products (or other cyclical products)

d) Reach versus frequency - Achieving awareness requires reach—that is, exposing potential buyers to the message. New brands or products need a very high level of reach, since the objective is to make all potential buyers aware of the new entry. High reach is also desired at later stages of the hierarchy. Here frequency is the number of times one is exposed to the media vehicle, not necessarily to the ad itself. Since marketers have budget constraints, they must decide whether to increase reach at the expense of frequency or increase the frequency of exposure but to a smaller audience. The reach-versus-frequency decision, while critical, is very difficult to make. A number of factors must be considered, and concrete rules do not always apply. The decision is often more of an art than a science.

e**) Creative aspects and mood -** It is possible to increase the success of a product significantly through a strong creative campaign. Certain media enhance the creativity of a message because they create a mood that carries over to the communication.

f) **Flexibility -** An effective media strategy requires a degree of flexibility. Because of the rapidly changing marketing environment, strategies may need to be modified. If the plan has not built in some flexibility, opportunities may be lost and/or the company may not be able to address new threats. Flexibility addresses the following:

- Market opportunities
- Market Threats
- Availability of media
- Changes in Media or media vehicles

g) **Budget considerations** - One of the more important decisions in the development of media strategy is cost estimating. The value of any strategy can be determined by how well it delivers the message to the audience with the lowest cost and the least waste. The following cost bases help us to determine relative costs of media.

-> Cost per thousand (CPM)

$$\text{CPM} \times 1.000 \quad \frac{\text{Cost of ad space (adsolute cost)}}{\text{Circulation}}$$

> Cost per ratings point(CPRP)

$$\text{CPRP} \quad \frac{\text{Cost of Commercial Time}}{\text{Program rating}}$$

->Daily inch rate

h) Evaluation and Follow Up - Measures of effectiveness must consider two factors: (1) How well did these strategies achieve the media objectives? (2) How well did this media plan contribute to attaining the overall marketing and communications objectives? If the strategies were successful, they should be used in future plans. If not, their flaws should be analyzed.

3.3 DAGMAR approach for setting ad objectives

DAGMAR is a marketing expression that stands for "**Defining Advertising Goals for Measured Advertising Results".** It is a marketing tool to compute the results of an advertising campaign. DAGMAR attempts to guide customers through ACCA model. According to this approach, every purchase encounter four steps; Awareness, Comprehension, Conviction, and Action. DAGMAR method is an established technique of creating effective advertising.

DAGMAR is an advertising model proposed by Russell Colley in 1961. Russell Colley advocated that effective advertising seeks to communicate rather than to sell. Advertisers discover whether their message conveyed enough information and understanding of a product to their consumers and also its respective benefits from clear objectives.

The Dagmar Model

1. Awareness: Awareness of the existence of a product or a service is needful before the purchase behaviour is expected. The fundamental task of advertising activity is to improve the consumer awareness of the product.

Once the consumer awareness has been provided to the target audience, it should not be forsaken. The target audience tends to get distracted by other competing messages if they are ignored.

Awareness has to be created, developed, refined and maintained according to the characteristics of the market and the scenario of the organization at any given point of time.

The objective is to create awareness about the product amongst the target audience.

2. Comprehension: Awareness on its own is not sufficient to stimulate a purchase. Information and understanding about the product and the organisation are essential. This can be achieved by providing information about the brand features.

Example: In an attempt to persuade people to budge for a new toothpaste brand, it may be necessary to compare the product with other toothpaste brands, and provide an additional usage benefit, such as more effective than other toothpaste because it contains salt or that this particular toothpaste is a vegetarian toothpaste, which will, in turn, attract more customers.

The objective is to provide all the information about the product.

3. Conviction: Conviction is the next step where the customer evaluates different products and plans to buy the product. At this stage, a sense of conviction is established, and by creating interests and preferences, customers are convinced that a certain product should be tried at the next purchase.

At this step, the job of the advertising activity is to mould the audience's beliefs and persuade them to buy it. This is often achieved through messages that convey the superiority of the products over the others by flaunting the rewards or incentives for using the product.

Example: Thumbs up featured the incentive of social acceptance as "grown up". It implied that those who preferred other soft drinks were kids.

The objective is to create a positive mental disposition to buy a product.

4. **Action:**This is the final step which involves the final purchase of the product. The objective is to motivate the customer to buy the product.

Advantages of DAGMAR Approach

A major contribution of Colley's DAGMAR approach was a specification of what constitutes a good objective. According to Russell Colley, there are various advantages of well-founded objectives. These are:

- Be concrete and measurable
- Have a well-defined target audience or market
- Identify the benchmark and the degree of change
- Specify a timeframe to accomplish the objective

Target Audience: DAGMAR claims the target audience is well defined. A group of potential customers, who have the highest likelihood of purchasing the product, is the target market. Identifying the target market includes the process of demographic, geographic, and psychological

segmentation. Target markets can be segmented into Primary and secondary groups.
Primary markets are the main target audience, on whom the marketing efforts are mainly focused. Secondary markets are the target audience on whom the marketing efforts will focus after the primary market goals are achieved. After identifying the target audience, the organization devises objectives for advertising and later the objectives for communication.

Concrete and Measurable: The objective of communication should be a precise and clear statement of whatever message the advertiser wants to communicate to the target audience.
The specification must include all the details and descriptions of the measurement procedure.

Specified Timeframe and Benchmarks: A good objective has a specified time frame, during which the objective is to be achieved. Understanding the specifications enables advertisers to define goals that will yield the best result.

Setting a specific timeframe assures effective evaluation of results. The timeframe should be realistic to prohibit skewed results from static marketing.

Creating the benchmark is essential for an appropriate measurement of the effectiveness of the advertisement.

Written Goal: The goal should be committed on a paper. When the goals are clearly written, basic shortfalls and flaws are exposed, it becomes eventually easy to determine whether the goal contains the crucial aspects of the DAGMAR approach.

Objectives Of Dagmar Approach:

- Persuade a prospect to visit the showroom.
- Growth in market share.
- Improve sales turnover.
- Perform complete selling function.
- Advertise a special reason to buy.
- Stimulate impulse sales.
- Remind people to buy.
- Create awareness about the product and brand existence.
- Create favourable emotional disposition towards the product.
- Impart information regarding benefits and distinctive features of the product.
- Combat and offset competitive claims.
- Correct false impressions, wrong information and other hindrances to sales.
- Aid sales force with sales promotion and selling activities and boost their morale.
- Establish brand recognition and acceptance.

Example Of Dagmar Approach: Let's suppose that an ABC company wants to evaluate the effectiveness of marketing campaign for its latest product launched. The company starts evaluating the commercial that is designed to persuade potential consumers through the four stages of the buying process:

In the AWARENESS stage, company ABC spreads awareness among the consumers about its new product launched in the market.

In the COMPREHENSION stage, company ABC portrays to its consumers the features and distinctiveness of the new product and reminds the consumers of the company ABC's logo and brand name.

In the CONVICTION stage, company ABC attaches the consumer emotionally to the new product so that the consumer establishes an emotional preference for the company ABC's brand.

In the ACTION stage, company ABC makes sales.
Company ABC then evaluates the success of the marketing effort using DAGMAR. The company measures that how fast the customer processed through the four stages of the purchase and how many sales were generated. In cases where the customer is distracted and deviated from buying the product, and the company doesn't meet sales goals, the company needs to change its ad campaign.
Advertising is strongly associated with economic cycles across major world economies. The DAGMAR method is a long-established method of creating effective advertising. The idea behind the method is to "communicate rather than sell".

3.4 Different Sources of Media Information and their Characteristics.

These are just some possible tactics you could include in your marketing communications plan:

- Print publications (advertising or articles);
- Online communications (website, blogs, forums, email marketing, social media);
- Conferences and tradeshows;
- Press releases and other public relations materials - check out **these tips on writing a press release;**
- Brochures, **case studies,** and other marketing and sales tools;
- Corporate identity materials including business cards, letterhead, logo and envelopes;
- Direct mail pieces, such as **postcard mailings;**
- Customer surveys;
- Signage (eg, at tradeshow booths);
- Speeches and presentations. Remember that your marketing communications plan should be reasonably broad in order to be effective. Relying solely on a single communication vehicle is not likely to produce good results. However, it is very important to always stay focused on communication channels that reach your ideal targeted customer.

Table 3.3: Advantages and Disadvantages of Different Media

Advantages **Disadvantage**	**Continuity** **Serves as a constant reminder to the consumer** **Covers the entire buying cycle** **Allows for media priorities (quantity discounts, preferred locations, etc.)** **Higher costs** **Potential for overexposure** **Limited media allocation possible**
 Advantages **Disadvantages**	Flighting Cost efficiency of advertising only during purchase cycles May allow for inclusion of more than one medium or vehicle with limited budgets Weighting may offer more exposure and advantage over competitors Increased likelihood of wearout Lack of awareness, interest, retention of promotional message during nonscheduled times Vulnerability to competitive efforts furring nonscheduled periods.
 Advantages **Disadvantages**	Pulsing All of the same as the previous two methods Not required for seasonal products (or other cyclical products)

3. 5 AD Budget and Methods of Budgeting

Meaning and Definition of Advertising Budget

Advertising budget is a translation of advertising plan into money to be spent on advertising. It is an estimation of total amount to be spent on advertising during a given period of time for achieving marketing objectives. It involves allocation of a portion of total marketing resources to advertising functions of a firm. An advertising budget shows how much amount is to be spent on advertising and how this amount will be allocated among different media, sales territories, products, selling-activities, etc.

Advertising appropriation is the part of the total marketing expenditure or budget that is allocated for advertising foe a specific period of time. It can also be referred as advertising budget. In simple words, we can say this is the amount of money allocated by marketer for advertising campaign for a specific period of time. The advertising appropriation strategy may depend on many factors or bases such as fixed percentage of sales or competitors spending, etc. An advertising budget or appropriation is an organised plan made out for expenditure of money on advertisement.

According to the Institute of Cost and work Accountant London, "A budget is a financial or quantitative statement prepare prior to a definite period of time; of the policy to be persuade during that period for the purpose of achieving a given objective".

Advertising budget can be defined as "the portion of the total marketing budget that is allocated to advertising so that advertising objectives can be achieved within the specific period of time."
It states the proposed advertising expenditure and serves as a decision-making tool for the management while allocating available funds to the various advertising functions and related activities of the company.

Advertising budget and its process is similar with the Sales Promotion budget and Integrated Marketing Communication (IMC) budget. All three terms can be used interchangeably also due to close similarity. Advertising budget is prepared by Advertising Manager in consultation with Marketing Manager of the company. But in small business organisations, which do not have separate advertising department. the responsibility of preparing ad-budget lies on top management or Marketing Manager.

Objectives of Advertising Budget
A business that does not have a budget or a plan will make decisions that do not contribute to the profitability in the business because managers lack a clear idea of goals of the business. A budget serves five main objectives which are as follows:

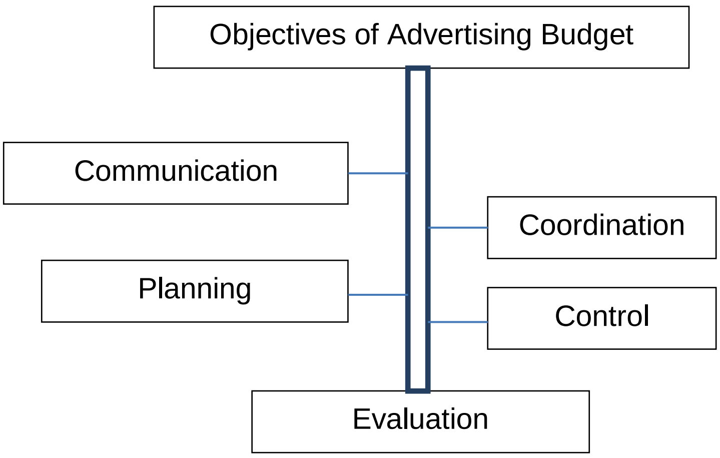

Figure: 3.3 Objectives of advertising Budget

1.Communication: In the budgeting process, managers in every department justify the resources they need to achieve their goals. They explain to their superiors the scope and volume of their activities as well as how their tasks will be performed. The communication between superiors and subordinates helps affirm theirmutual commitment to company goals.
2.Coordination: Different units in the company must also coordinate the many different tasks they perform. For example, the number and types of products to be marketed must be coordinated with the purchasing and manufacturing departments to ensure goods are available. Equipment may have to be purchased and installed. Advertising promotions may need to be planned and implemented. And all tasks have to be performed at the appropriate times.
3. Planning: A budget is ultimately the plan for the operations of an organisation for a period of time. Many decisions are involved, and many questions must be answered. Old plans and processes are questioned as well as new plans and processes. Managers decide the most effective ways to perform each task. They ask whether a particular activity should still be performed and, if so, how.

Managers ask what resources are available, and what additional resources will be needed.

4.Control: Once a budget is finalized, it is the plan for the operations of the organisation. Managers have authority to spend within the budget and responsibility to achieve revenues specified within the budget. Budgets and actual revenues and expenditures are monitored constantly for variations and to determine whether the organisation is on target. If performance does not meet the budget, action can be taken immediately to adjust activities. Without constant monitoring, a company does not realize it is not on target until it is too late to make adjustments.

5.Evaluation: One way to evaluate a manager is to compare the budget with actual performance. Did the manager reach the target revenue within the constraints of the targeted expenditures? Of course, other factors, such as market and general economic conditions, affect a manager's performance. Whether a manager achieves targeted goals is an important part of managerial responsibility.

Factors Considered while Determining Advertising Budget: The factors which affect the size of advertising budget are

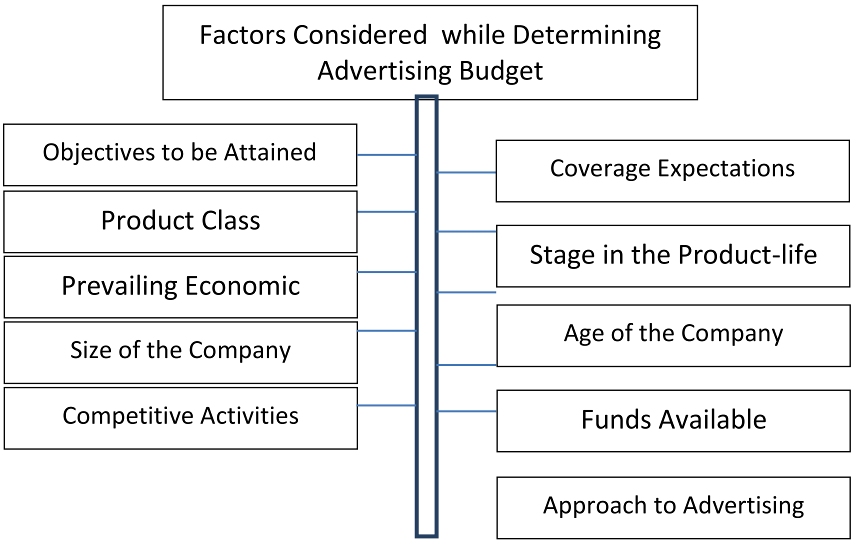

Figure:3.4: Factors Considered while determining advertisement budget

1. **Objectives to be attained:** How much the company is going to spend is determined by the objective’s lobe attained. Objectives act as the sheet anchor and the standards for advertising performance. These objectives are — bringing about increase in sales, introduction of new products, supporting sales force, reaching inaccessible consumers, entering a new market. Improving dealer relations. expanding industry's salt building up goodwill, building a brand preference, counter acting competition, dispelling the likely misunderstandings and so on. It is a particular sales objective or the set of objectives that shapes the advertising budget.
2. **Coverage Expectations:** Advertising coverage implies the number of persons to be reached. It is the question of reaching a target audience through different media and media vehicles. The extent of coverage is influenced very much by the nature of the market enjoyed by the products.
3. **Product Class:** Talking of only consumer goods, these have been classified into three categories. namely, convenience, shopping and specialty. In case of convenience goods, they require a large advertising expenditure because of their intensive distribution and heavy

dependence on mass advertising to sell in advance to the prospects before they shop.

4. **Stage in the Product-life Cycle:** Every product has its life-cycle consisting of four phases. namely, introduction , growth, maturity and decline. When a new product is introduced, it calls for the heaviest doses of advertising, and therefore, the budget gets blown-up. During the growth stage, the funds spend are really substantial. However, when the product reaches the stage of maturity or saturation and the stage of decline, it is the price appeal that works than the advertising strategy. Hence, the advertising spending gets reduced considerably.
5. **Prevailing Economic Conditions**: The economic activities are not always the same. The economic system faces brisk and slack phases which are referred to as boom and slump phases of business cycle. During it sour economic conditions, majority of the companies cut back the advertising budget and during the period of boom conditions, they fatter their budgets beyond limits. This has been because, the business community thinks advertising as recurring expenditure than an investment.
6. **Age of the Company**: A company which is seasoned and is known to the consumers will have certainly a advantage in introducing a new product or a service. People readily accept the new product in the light of in past dependable performance. On the other hand, a new company that has not introduced itself will sweat is introducing its products.
7. **Size of the Company:** It goes without saying that a bigger company with vast financial resources within is easy reach will have definitely liberal advertising budget. Even if it decides to spend, say, only 3% of its saki the advertising funds will be quite substantial and the desired effects or results can be brought about easily. Oa the other had, for a small company, it would work out almost 24 % to 30% of its sales to earmark the Moll equal to that of a big company.
8. **Funds Available:** An absolute limit is put on the advertising budget by what a company can afford irrespective of its age and size. The advertising manager has really wonderful ideas to increase the sales, profits to the filly the satisfaction to the consumers. However, they are of no avail as they cannot be realised as funds are ni available.
9. **Competitive Activities:** It is the ability to size up the competitor or competitors and their activities than IW, .ability to spend that pays rich dividends at times. The success of the advertiser rests on the straw!: approach and spending. It is possible only when the advertiser knows —How much is his company spending? What is the format of his spending? What is his strategy? And so on. Most of the companies their competitors' budget pattern as their model for budget purposes.

Approach to Advertising: The amount to be spent on advertising is also depending on the way in which it is looked upon. Traditionally, it has been accepted as the current expenditure like any other ceiling expenditure. however, now-a-days, the attitude and philosophy has undergone a thorough change and it a more looked upon as an investment than a mere current expenditure because it has long-term cumulative effects on the company efforts and results.

Process of Advertising Budgeting

Advertising budget is prepared by advertising manager in consultation with marketing manager of the company. The advertising budget preparation process involves the following main steps:

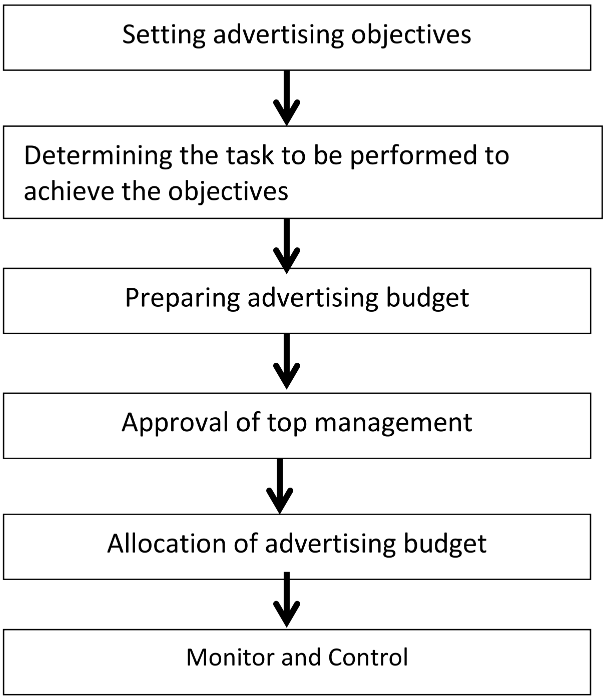

Figure 3.5: Process of Advertising Budgeting

1. Setting Advertising Objectives: Before deciding on advertising budget. the advertising manager must be clear about advertising objectives. These objectives should be clearly defined in quantitative terms so that amount of advertising budget can be decided forachieving these objectives.Main advertising objectives can be to achieve the desired level of sales. to enhance market share by specific percentage, to increase awareness regarding product and its uses, to develop preference for our product and to convince the customers tobuy our product. These objectives will help the advertising manager to determine and to allocate the adbudget.

2. Determining Tasks to be performed to Achieve Advertising Objectives: After identifying advertising-objectives, the next step is to determine tasks,activities, strategies, functions to be performed to achieve the advertising objectives. These tasks may include; selection of media, selection of advertising-agency, and designing of advertisement copy, deciding frequency of advertisement, timing of advertisement, quantum of space to be taken in print media, etc. This requires a good knowledge of various activities of an effective advertising campaign. While determining the activities to be performed the advertiser keeps in mind the activities done last year and activities of competitive concerns.

3. Preparing Advertising Budget: After identifying various activities to be done to achieve advertising objectives, the next step is to find the cost of all such activities. Total cost of all such activities is the amount required for advertising-budget. To keep the budget flexible, certain amount in the form of provision for contingencies is added to the total cost.

4. Approval: After preparing advertising budget, it is sent to top-management through marketing manager for necessary approval. In large organisations, this proposed ad-budget is evaluated, reviewed and scrutinized by high-powered-budget committee before submitting it to the top-management for final approval. Top-management willsec if the budget is affordable, need based and justified. Top-management can impose ceiling on proposed budget and send it back to budget-committee for necessary review. If it finds the budget justified and within affordable limit, then it will pass the budget.

5. Allocation of Advertising Budget: After the budget is approved by the top management, the next step is to allocate it. Allocation means dividing the advertisement budget on different products and activities. Advertising budget is allocated on various product-lines, product items, media, sales-territories, advertisingresearch. etc.

It involves determining which market. product; promotional element will receive how much of the amount of funds appropriated. Advertising-allocation depends upon company's policies, competitors' strategies, nature of tasks required to achieve advertising objectives, stage of product life-cycle, market size. company's promotional plans, charges of advertising agency, etc.

Monitor and Control

After allocation of advertising budget, it is essential to have an adequate monitoring and control over it. In control, actual expenditure is compared with planned expenditure. In case actual expenditure is inure than planned expenditure, then corrective-actions arc taken and responsibilities arc fixed to ensure cost control over advertising-budget. Monitoring and control of ad-budget is necessary to make maximum-utilisation of funds, to reduce wastage in ad-expenses and to increase efficiency in various advertising activities. Advertisement effectiveness is monitored andevaluated in the light of the budget appropriated.

Methods of Budgeting

The various budgeting methods used for determining the ud budget takes several forms. These ad budgeting methods are also termed as the types of ad budget.

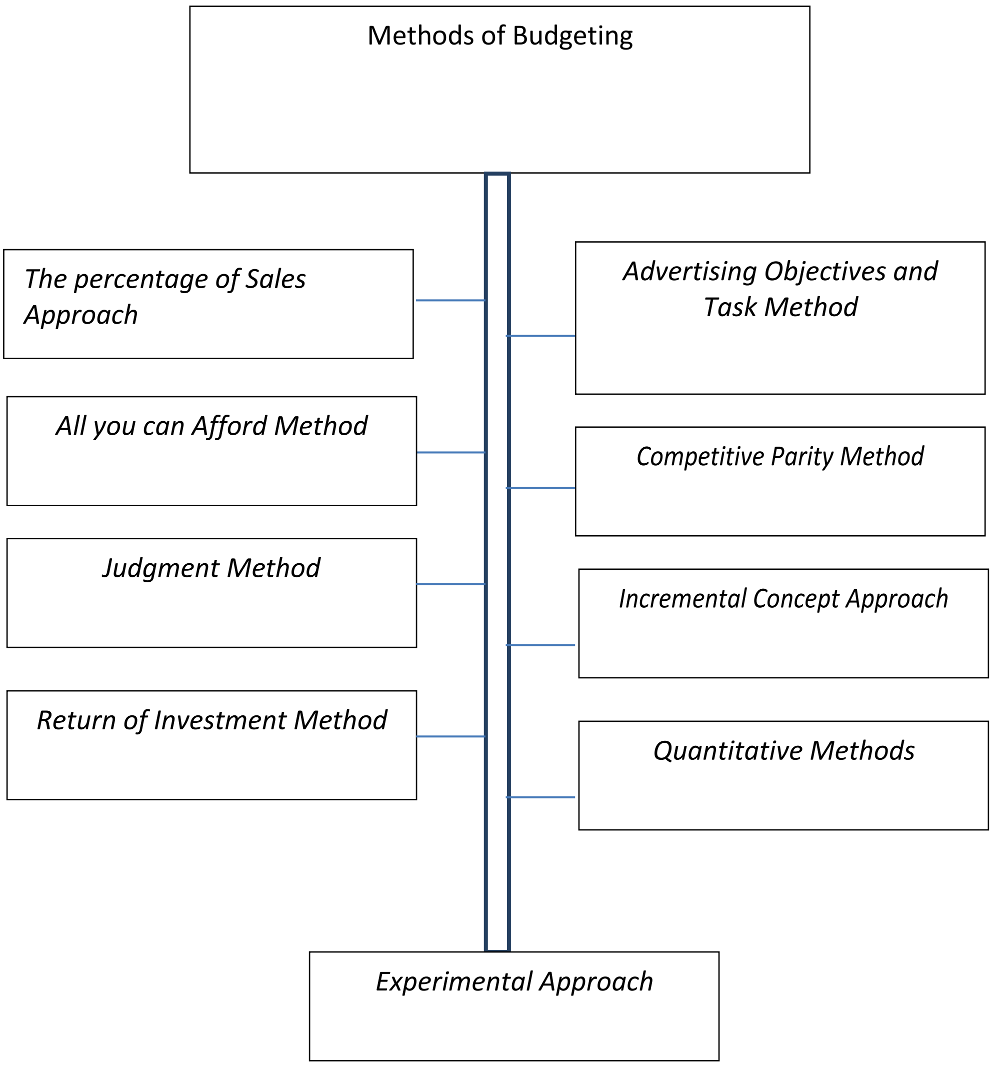

Figure 3. 6: Methods of Budgeting

1. Percentage of Sales Method: Under this method, the amount to be appropriated for advertising is arrived at by multiplying the value of past year's sales or projected sales for the budget period with a predetermined percentage.

Advertising Budget Amount = Past Year's Sales or Anticipated Sales x Pre-determined Percentage

The percentage depends upon many factors like nature of product, level of competition, availability of funds, stage of product life cycle, amount spent on advertising by competitors. etc. Some companies like mining companies, steel-companies appropriate I% to 2% of sales for advertising budget, while consumer. product-companies like cosmetic-companies appropriate 30% to 40% of sales for advertising.

2.Advertising Objectives and Task Method: The most desirable method of setting the advertising budget is objective and task method. It is a goal-oriented method of appropriating the budget. It is based on setting advertising objectives and identifying the tasks to be performed to achieve these objectives. First of all advertising objectives are determined. Then different tasks to be performed to achieve these objectives ate identified. After that, cost of all these tasks is estimated and total cost of all these tasks plus some amount for contingencies constitute advertising budget.

3.All you can Afford Method: Here the advertising budget is established as a predetermined share of profits or financial resources. The availability of current revenues sets the upper limit of the ad budget. The advantage to this approach is that it sets reasonable limits on the expenditures for advertising. However, from the standpoint of sound marketing practice, this method is undesirable because there is no connection between liquidity and advertising opportunity. Any firm that limits its advertising outlays to theamount of available funds will probably miss opportunities for increasing sales and profits.

4.Competitive Parity Method: It is a traditional approach in which advertising budget is framed in such a way that our company is at par with competitors in spending money on advertising. Here advertising .15 taken as a defensive tool and not as offensive tool to achieve marketing-objectives. Under this approach' advertisers spend as much as their competitors spend so that their company is not at any disadvantage involves collection of relevant data about competitors advertising appropriation. This method is based the assumption that the company in question knows what competitors are doing and what competitor alt planning to do.

5.Judgment Method: In this method, advertising budget is decided by the experienced managers of the company on the basis of their judgment. Here advertising budget is based on arbitrary thinking of some experienced managers and not based on scientific lines. Over the years, some managers gain experience and this enables themto arrive at appropriate figure for advertising budget by using their judgment. They decide the advertising budget at a lump sum figure considering all relevant factors like objectives of advertising, actions and reactions of competitors, nature of customers, level of sales, availability of funds, cost of various media, stage in product life cycle, etc.

6. Incremental Concept Approach: This method is also known as 'Increase over Last Year's Budget'. In traditional approach of budgeting, the managers start with last year's budget and add to it (or subtract from it) according to anticipated needs. This is an incremental approach to budgeting in which the previous year’s budget is taken for granted as a base line. This approach is called incremental budgeting. This method involves an increase in preceding year's expenditure by a certain percentage to enable a firm to consider increase in advertising cost and to provide for planned growth in sales. Increase in price level of advertising inputs leads to increase in advertising cost.

7.Return on Investment (ROI) Method: Return on investment method is entirely different from other methods. This method considers advertising re expenditure as an investment and not as routine revenue expenditure. Like other investments in the company, advertising is also expected to give certain return. Advertising builds up an intangible asset that is brand-equity. Brand equity refers to brand popularity and brand preference. This asset has market value and can be sold at any stage. The return that the company gets from advertising is generally spread over a period of time. Advertising expenditure in one year generates sales for years and thus returns on this investment flows in for many years. Advertising results in increased profits generated by increase in sales and goodwill. This method considers long run effects ofadvertising. Capital budgeting techniques like net present value, discounted cash flow, pay-back-method,etc., are used to appropriate the amount of advertising budget. According to this method company spendson advertising till return on investment is more than the normal rate of return.

8.Quantitative Methods (Statistical Methods): Statistical techniques like multiple regression, probability, simulation or programming techniques, etc., are used to prepare advertising budget. Multiple regressions help to determine the effect of various factors on the size of advertising budget, i.e., it measures the cumulative effect of all the factors affecting advertising budget. Using simulation, inter-relationship among various advertising activities and their effect on advertising budget is measured. Probability is used to estimate the chances that a consumer will purchase the product if he is exposed to an ad copy. With the development of computers use of quantitative methods has increased. These methods assist the advertiser in deciding ad budget along with other methods of advertising. Use of these methods is very tedious and only experts can make use of these methods.

9. Experimental Approach: Experimental approach is used as an alternative to the statistical approaches and mathematical models. The promotion or brand manager uses tests and experiments in one or more selected market areas. The purpose is to determine the impact of input variations that might be used. The feedback data from these experiments and tests is used in determining the advertising budget. A brand may be simultaneously tested in several market areas with similar population. level of brand usage and brand share. Different advertising expenditure levels are kept for each market. Brand awareness and sales levels are measured before, during and after the test in each market. Results are compared and estimates can be developed on how budget variations might influence advertising results nationwide. The managers may decide any level of budget depending on the firm s advertising objectives. Apparently, the experimental approach removes the difficulties faced by other budgeting methods

Activity

- Divide the class into various sub-groups, which could use these exercises for the discussion purposes. The solutions should evolve in the classroom through --- storming.
- Discuss the role of media in the making of celebrities. Arrive at a standpoint based on extensive research and present a project report.
- Select any two products from the following: cars, OTC drugs, readymade garments, detergents, and washing machines. Assume that you are the client, media planner, and media buyer all rolled into one and prepare a media plan for a new launch in both the selected categories. The plan has to evolve with elaborate detailing of facts, figures, and insights.

Assignment:

1. Visit the website of make my trip.com and identify the various tools of communication on the home page
2. Identify a company and delineate the various tools of communication that the company is using for communicating on the net.

Review Questions

1. What are the various communication tools that can be used by organisations for their communication with the target audience?
2. What are the various media available for advertising the company's message? While working under a budget constraint which two media should be used by a company and why? Make assumptions about the kind of product that is to be advertised.
3. Write a note on how companies can establish budget for communication
4. What is DAGMAR Model? Explain communication in DAGMAR approach.
5. List out at least five important sources of media information in India, along with their details.
6. What are the various elements of a media plan?
7. What is the scope of media planning in India and the challenges before it?
8. Explain the concept of gross rating points (GRP) with examples.

Chapter 4
Developing the Integrated Marketing Communication Programs

Introduction

Creativity is generally defined in aesthetic terms as the ability to produce useful ideas, original imagination, or the capacity to join two or more elements to form a new product. An advertisement has two major components, copy and art/graphics. Hence, in the context of adverting, creativity means two areas—copywriting and art/graphics. Writers graphic designers are very individualistic and highly sensitive persons in advertising team. Accounts persons are generally heard saying that creative professionals have to be kept in good humor, meaning that if someone to reject their work outright there could be unpleasant repercussions. One has to be diplomatic with them to get the best out of them. In order to achieve the best results, it is imperative that both the writer and the designer have an appreciation for each other's work. In fact, the writer needs to think like a visionary, like a writer. In this chapter, we will look at both these aspects in detail and discuss the interdependence of these functions and the need for synergy.

Objective

After Reading this Chapter you will be able to:

- To get a fair idea about creativity and understand its development and process
- To discuss the use of various appeals—rational, emotional, fear, etc.
- To understand the importance of visual app

4.1. Role of Advertisement and Creativity

One of the most important components of an integrated marketing communications program is the marketing communication message. It is obvious that there are a myriad of ways to convey a marketing communication messages. However, underlying all of these messages is a creative strategy that involves determining what the marketing communication message will say or communicate and creative tactics dealing with how the message strategy will be implemented or executed.

The importance of creativity in marketing communication

The creative side of marketing communication is one of its most interesting aspects. The creative strategy used to communicate a marketing communication message is an integral part of the promotional process and is often critical to the success or failure of the campaign. Numerous examples or cases can be cited of how a good creative strategy was an important factor in determining the success of a product (goods and services) or reversing the fortunes of a struggling brand. Of course there are also many situations where companies struggle to find a creative formula that works effectively. Attention must also be given to the issue of creative versus effective marketing communication as many ads may be critically acclaimed from a creative perspective but fail to help the sales of the brand. It is important to examine the concept of creativity, how it applies to marketing communication, and the challenge firms face in developing creative and effective marketing communication.

What Is Creativity?

Creativity is one of the most commonly used terms in marketing communication as those who develop marketing communication messages are often referred to as "creative types" and agencies develop reputations for their creativity. So much attention is focused on the concept of creativity because the major challenge given to those who develop marketing communication messages is to be creative. Creativity has been defined as "a quality possessed by persons that enables them to generate novel approaches in situations, generally reflected in new and improved solutions to problems."

Perspectives of Marketing Communication Creativity:

At one extreme there are those who argue that marketing communication is creative only if it sells the product. At the other end of the continuum are those who judge creativity in terms of its artistic or aesthetic value and argue that creative marketing communication must be novel, original and unique. The answer as to what constitutes creative in marketing communication is probably somewhere between these two extreme positions.

We are concerned with marketing communication creativity which refers to "the ability to generate fresh, unique and appropriate ideas that can be used as solutions to communications problems." This perspective recognises that creative marketing communication ideas are those that are novel, original and appropriate. To be appropriate a creative idea must be relevant or have some importance to the target audience.

4.2 Planning Creative Strategy and Creative Process

Planning Creative Strategy

Those who work on the creative side of marketing communication often face a real challenge. They must take all the research, creative briefs, strategy statements, communication objectives and other inputs and transform them into an marketing communication message. Their job is to write copy, design layouts and illustrations and produce commercials that communicate effectively. Marketers usually hire marketing communication agencies to develop and implement their marketing communication campaigns because they are specialists in the creative function of marketing communication. However, it is important to point out that the development of creative strategy also involves representatives from the client side and other people in the agency as well as the creative staff.

The Creative Challenge: Those who work on the creative side of marketing communication have the responsibility of developing an effective way of communicating the marketer's message to their customers. The creative person or team is often provided with a great deal of input and background information on the target audience, such as their lifestyles, needs and motives, and communication objectives. However, every marketing situation is different and requires a unique approach.

Taking Creative Risks

Many creative people in agencies argue that they often follow proven approaches or formulas when creating ads because they are safe and less likely to fail. They note that their clients are very often risk averse and feel uncomfortable with marketing communication that is too different. It is important to note that companies who have very creative marketing communication are more willing to assume some risk. However, many managers are more comfortable with marketing communication that is straight forward in communicating with customers and gives them a reason to buy.

Creative Personnel

It is a fairly common perception that those individuals who work on the creative side of marketing communication tend to be somewhat unique and different from those working on the managerial or business side. It is worthwhile to discuss some of the characteristics of creative personnel in marketing communication and the need to create an environment that fosters, and is conducive to, the development of creative marketing communication.

The Creative Process

A number of marketing communication people have argued that creativity in marketing communication is best viewed as a process and that creative success is most likely when some organized approach is followed. While most marketing communication people reject and/or resist attempts to standardize creativity or develop rules or guidelines to follow, most creative people do follow some type of process when approaching the task of developing an advertisement.

The creative process contains five steps:

- Immersion
- Digestion
- Incubation
- Illumination
- Reality or verification

Another model

Inputs to the Creative Process

Preparation/Incubation/Illumination —

These models of the creative process offer an organized way of approaching a marketing communication problem. Both models stress the need for preparation or gathering of background information that is relevant to the problem as the first step in the creative process. Various types of research and information can provide input to the creative process of marketing communication at each stage. There are numerous ways the creative specialist can acquire background information that is relevant to the marketing communication problem. These include:

Background research – informal fact-finding techniques and general preplanning input. Various ways of gathering background information might be discussed. ti

Product specific research – this involves different types of studies such as attitude, market structure and positioning, perceptual mapping and psychographic studies.

Qualitative research input – techniques such as in-depth interview or focus groups with customers or ethnographic studies.

Verification/Revision – The purpose of the verification/revision stage of the creative process is to evaluate ideas that come from the illumination stage, reject any that may be inappropriate, and refine those that remain and help give them final expression.Some of the techniques used at this stage include:

- Focus groups
- Message studies
- Portfolio tests
- Pretesting of ads in storyboard or aniamatic form

4.3 Creative Strategy and Development

The creative process of marketing communication is guided by specific goals and objectives and requires the development of a creative strategy or plan of action for achieving the goal. Creative strategy development actually begins with a thorough assessment of the marketing and promotional situation and a determination of what needs to be communicated to the marketer's target audience. Creative strategy should, however, also be based on a number of other factors that are stated in the creative or copy platform.

Copy Platform

A copy platform provides a plan or checklist that is useful in guiding the development of an marketing communication message or campaign. This document is prepared by the agency team or group assigned to the account and may include creative personnel as well as the account coordinator and representatives from media and research. The marketing communication manager and/or the marketing and product manager from the client side will also be involved in the process and must approve the copy platform.

Marketing Communication Campaigns

Most advertisements are part of a series of messages that make up an marketing communication campaign which consists of multiple messages, often in a variety of media that center on a single theme or idea. The determination of the central theme, idea, position, or image is a critical part of the creative process as it sets the tone or direction for the development of the individual ads that make up the campaign.

The Search for the Major Selling Idea

An important part of creative strategy development is determining the central theme that will become the major selling idea or big idea for the ad campaign. There are several different approaches that can be used for developing major selling ideas and as the basis of creative strategy. Some of the best known and most discussed approaches include:

The unique selling propositions

This concept, which was mentioned in the opening vignette, is described in Rosser Reeve's Reality in marketing communication. Its three characteristics include:

- each advertisement must make a proposition to the consumer
- the proposition must be one that the competition either cannot or does not offer
- the proposition must be strong enough to pull over new customers to your brand

Creating a brand image: Some competing brands are so similar it is difficult to find or create a unique attribute or benefit so the creative strategy is based on the development of a strong, memorable identity for the brand through image marketing communication.

Finding the inherent drama: Leo Burnett believed marketing communication should be based on a foundation of consumer benefits with an emphasis on the dramatic element in expressing these benefits.

Positioning: The basic idea is that marketing communication is used to establish or "position" the product or service in a particular place in the consumer's mind. These approaches to determining the major selling ideas discussed above are very popular and are often used as the basis of the creative strategy for marketing communication campaigns. These creative approaches represent specific "creative styles" that have become associated with some of the most successful marketing communication creative minds and their agencies. However, it should be pointed out that many other creative approaches and styles are available and are often used in marketing communication. The challenge to the creative team is to find a major selling idea and use it as a guide to the development of an effective creative strategy.

Sales Promotion

Sales Promotion is the process of persuading a potential customer to buy the product. It is a short-term tactic to boost **sales** – it is rarely suitable as a method of building long-term customer loyalty. It is effective at achieving a quick boost to sales. Examples include coupons, sweepstakes, contests, product samples, discounts, rebates, and premium.

Meaning of Sales Promotion

Every businessman wants to increase the sale of goods that he deals in. He can adopt several ways for that purpose. You might have heard about "LakhpatiBano", "Win a tour to Singapore", "30% extra in a pack of one kg", "scratch the card and win a prize" etc. You might also have seen gifts like lunch box, pencil box, pen, shampoo pouch etc. offered free with some products.

There are also exchange offers, like in exchange of existing model of television you can get a new model at a reduced price. You may have also observed in your neighbouring markets notices of "winter sale", "summer sale", "trade fairs", "discount up to 50%" and many other schemes to attract customers to buy certain products. All these are incentives offered by manufacturers or dealers to increase the sale of their goods. These incentives may be in the form of free samples, gifts, discount coupons, demonstrations, shows, contests etc. All these measures normally motivate the customers to buy more and thus, it increases sales of the product. This approach of selling goods is known as "Sales Promotion".

You have learnt about advertising in the earlier lessons. Advertising also help in increasing sales of goods. Thus, advertising can be used as means of communication to inform potential customers about the incentives offered for sales promotion. Sales promotion adopts short term, non-recurring methods to boost up sales in different ways. These offers are not available to the customers throughout the year. During festivals, end of the seasons, year ending and some other occasions these schemes are generally found in the market. Thus, sales promotion consists of all activities other than advertising and personal selling that help to increase sales of a particular product.

Importance of Sales Promotion

The business world today is a world of competition. A business cannot survive if its products do not sell in the market. Thus, all marketing activities are undertaken to increase sales. Producers may spend a lot on advertising and personal selling. Still the product may not sell. So incentives need to be offered to attract customers to buy the product. Thus, sales promotion is important to increase the sale of any product. Let us discuss the importance of sales promotion from the point of view of manufacturers and consumers.

From The Point of View of Manufacturers

Sales promotion is important for manufacturers because of the following reasons.

i. It helps to increase sales in a competitive market and thus, increases profits,
ii. It helps to introduce new products in the market by drawing the attention of potential customers,
iii. When a new product is introduced or there is a change of fashion or taste of consumers, existing stocks can be quickly disposed off,
iv. It stabilizes sales volume by keeping its customers with them. In the age of competition it is quite possible that a customer may change his/ her mind and try other brands. Various incentives under sales promotion schemes help to retain the customers.

From The Point of View of Consumers

Sales promotion is important for consumers because of the following reasons.

i. The consumer gets the product at a cheaper rate,
ii. It gives financial benefit to the customers by way of providing prizes and sending them to visit different places,
iii. The consumer gets all information about the quality, features and uses of different products,
iv. Certain schemes like money back offer creates confidence in the mind of consumers about the quality of goods,
v. It helps to raise the standard of living of people. By exchanging their old items consumers can use latest items available in the market. Use of such goods improves their image in society.

Advantages

- Easy & Quick to float
- Produces results quickly
- Appeals to price sensitive customers- attract consumer attention immediately,
- Create Urgency- prepone purchase,
- Encourages customers to trial a product or switch brands
- Cost relatively low,
- Is flexible, can be used at any stage of a new product introduction.
- Easy to measure effectiveness.

Disadvantages

- Have short life (3 to 4 months),
- Non-recurring in their use,

- May damage Brand image- as there is a feeling in the minds of the customers that sales promotional activity tools are used to sellpoor quality products.
- Can lead to promotional wars,
- Often abused (customers change reference points (price).

Tools of Consumer Sales Promotion

To increase the sale of any product manufactures or producers adopt different measures like sample, gift, bonus, and many more. These are known as tools or techniques or methods of sales promotion. Let us know more about some of the commonly used tools of sales promotion.

1. **Samples**: Consumers are given samples for free, and can decide whether to buy or not, after the trial. For example, in the case of medicine free samples are distributed among physicians, in the case of textbooks, specimen copies are distributed among teachers.
2. **Price deal/ Price-off offer/ Cents-off deal**: Under this offer, products are sold at a price lower than the original price. A temporary reduction in the price, may be a percentage marked on the package such as 50% off. 'Rs. 2 off on purchase of a lifebouy soap, Rs. 15 off on a pack of 250 grams of Taj Mahal tea, Rs. 1000 off on cooler' etc. are some of the common schemes. This type of scheme is designed to boost up sales in off-season and sometimes while introducing a new product in the market.
3. **Premium or Bonus offer:** A milk shaker along with Nescafe, mug with Bournvita, toothbrush with 500 grams of toothpaste, 30% extra in a pack of one kg. are the examples of premium or bonus given free with the purchase of a product. They are effective in inducing consumers to buy a particular product. This is also useful for encouraging and rewarding existing customers.
4. **Exchange schemes:** It refers to offering exchange of old product for a new product at a price less than the original price of the product. This is useful for drawing attention to product improvement. 'Bring your old mixer-cum-juicer and exchange it for a new one just by paying Rs.500' or 'exchange your black and white television with a colour television' are various popular examples of exchange scheme.
5. **Coupons**: Sometimes, coupons are issued by manufacturers either in the packet of a product or through an advertisement printed in the newspaper or magazine or through mail. These coupons can be presented to the retailer while buying the product. The holder of the coupon gets the product at a discount. For example, you might have come across coupons like, 'show this and get Rs. 15 off on purchase of 5 kg. of Annapurna Atta'. The reduced price under this scheme attracts the attention of the prospective customers towards new or improved products.
    - **Free-standing insert (FSI)**: A coupon booklet is inserted into the local newspaper for delivery.
    - **Checkout dispensers**: On checkout the customer is given a coupon based on products purchased.
    - **Mobile couponing**: Coupons are available on a mobile phone. Consumers show the offer on a mobile phone to a salesperson for redemption.
    - **On-line couponing**: Coupons are available online
6. **Rebates & Refunds**: Consumers are offered money back on showing proof of purchase (the receipt, empty packet&barcode mailed to the producer). **Rebates are cash returns on 'hard goods'/ durables & Refund is on 'soft goods'/ consumables.**
7. **Contests & Sweepstakes (Games)**: The consumer is automatically entered into the event by purchasing the product. **Contest is game of skill** (consumer to submit an entry to be examined

by judges who will select the best entries)**&Sweepstakes is game of chance.** Eg.**Scratch & win offer;** Twitter Contest, Quickest Correct Answer, Photo Contest, Follow, Re-tweet and Win, #Hashtag Contest (Maybelline India ran a contest very recently on Twitter, which we covered it as well to promote their new products. In which users had to use the hashtag #ILovePinkBecause and they would choose winners randomly. With people using this hashtag so much it lead for it to trend for 24+ hours and increased exposure to their brand products.

8. **Fairs and Exhibitions:** Fairs and exhibitions may be organised at local, regional, national or international level to introduce new products, demonstrate the products and to explain special features and usefulness of the products. Goods are displayed and demonstrated and their sale is also conducted at a reasonable discount. 'International Trade Fair' in New Delhi at Pragati Maidan, which is held from 14th to 27th November every year, is a well known example of Fairs and Exhibitions as a tool of sales promotion.
9. **Trading stamps:** In case of some specific products trading stamps are distributed among the customers according to the value of their purchase. The customers are required to collect these stamps of sufficient value within a particular period in order to avail of some benefits. This tool induces customers to buy that product more frequently to collect the stamps of required value.
10. **Money Back offer:** Under this scheme customers are given assurance that full value of the product will be returned to them if they are not satisfied after using the product. This creates confidence among the customers with regard to the quality of the product. This technique is particularly useful while introducing new products in the market.
11. **Loyal Reward Program**: Consumers collect points, miles, or credits for purchases and redeem them for rewards. Promote frequent purchases& help build long-term relationship with the key customers.

    It is called as Loyalty card (UK)/ Rewards card or Points card (Canada)/ Advantage cardor Club card (USA).

It is a plastic or paper card that identifies the card holder as a member in a loyalty program. Cards typically have a barcode or magstripe that can be easily scanned. By presenting the card, the purchaser is typically entitled to either a discount on the current purchase, or an allotment of points that can be used for future purchases. Reward points can be exchanged into a good or service but not back into cash. They often tie up with the leading Brands to bring members money saving offers, special invites to block buster premiers, exclusive passes to major sporting events etc.

- PAYBACK India (formerly i-mint) is the largest multi-brand loyalty program in India, having over 50 partners including American Express, Big Bazaar, Bookmyshow, Central, Ezone, Home Town, futurebazaar.com, ICICI Bank, HPCL, Makemytrip, Food Bazaar, Food Hall, Pantaloons,Vodafone.
- BPCL's Petro Bonus fuel card- the 1st in India,
- Maruti SuzukiAutoCard, in association with Citibank&m Indian Oil, Indian Oil's (fleet card program),
- Shopper's Stop (First Citizen), Lifestyle (the Inner Circle Loyalty Programme)
- State Bank Group's "State Bank Rewardz" is perhaps the largest in the world with over 110 million customers enrolled.
- Frequent Buyer Program-A loyalty program offered by airlines. Acquired miles can be redeemed for air travel, other goods or services, or for increased benefits, such as travel

class upgrades, airport lounge access, or priority bookings. eg.Air India's Flying Returns; Jet Airways' Jet Privilege.

12. **Point-of-sale displays:** -
    - Aisle interrupter: A sign that juts into the aisle from the shelf.
    - Dangler: A sign that sways when a consumer walks by it.
    - Dump bin: A bin full of products dumped inside.
    - Bidding portals: Getting prospects
    - Glorifier: A small stage that elevates a product above other product.
    - Wobbler: A sign that jiggles.
    - Lipstick Board: A board on which messages are written in crayon.
    - Necker: A coupon placed on the 'neck' of a bottle.
    - YES unit: "your extra salesperson" is a pull-out fact sheet.
    - Electroluminescent: Solar-powered, animated light in motion.
13. **Premiums**- are **promotional** items — toys, collectables, souvenirs and household products, that are linked to purchase of a product.
14. **Online interactive promotion game**: Consumers play an interactive game associated with the promoted product.
15. **Loss leader**: the price of a popular product is temporarily reduced below cost in order to stimulate other profitable sales
16. **Kids eat free specials**: Offers a discount on the total dining bill by offering 1 free kids meal with each regular meal purchased.
17. Online deals vs. In-store deals

Trade sales promotion techniques

- **Trade allowances**: short term incentive offered to induce a retailer to stock up on a product.
- **Dealer loader:** An incentive given to induce a retailer to purchase and display a product.
- **Trade contest**: A contest to reward retailers that sell the most product.
- **Point-of-purchase displays**: Used to create the urge of "impulse" buying and selling your product on the spot.
- **Training programs**: dealer employees are trained in selling the product.
- **Push money**: also known as "spiffs". An extra commission paid to retail employees to push products.
- **Trade discounts** (also called functional discounts): These are payments to distribution channel members for performing some function.

Publicity : Publicity is the dissemination of information by personal or non-personal means and is not directly paid by the organisation and the organisation is not the source.
Rationale of sales promotion may be analyzed for short-term results, competitive pressure, buyers' expectations, low quality of retail selling etc. There is wide acceptance that sales promotion is one of the most mismanaged of all marketing functions. It is important, in the planning of sales promotion plans, to ensure the continuity of communication with other elements of the marketing communications **plan.** Increasingly, brands are seeking promotional devices which represent the achievement **of integration.**

Normally, sales promotion is most effective when its message is closely related to advertising themes and unavoidable publicity. Point-of-sale displays may feature a testimonial spokesperson that is simultaneously appearing in television commercials, counter displays often use the same headlines and copy-style as print advertisement, and product sampling will offer miniature packages to enhance brand identification promoted in the company's advertising. Although the means of communication may be different than in advertising, consistent information and formats are key ingredients in successful promotions.

The key to successful marketing communication is determining the purposes and objectives of advertising, sales promotion, and other components and how best to coordinate and integrate these objectives. In the past, a major distinction between advertising and sales promotion was that sales promotion was viewed as a short-term sales incentive and advertising was intended to build brand equity over time. Today, most marketers recognize that it is counterproductive for sales promotion to gain short-term sales at the expense of long-term brand equity. One only has to look at a number of packaged good categories that have used coupons and other price-oriented deals to the point that consumers see little inherent value in the brands and simply purchase the one with the lowest cost at any given moment. In this environment where promotion must work with advertising and contribute to the overall marketing goals, objectives for promotion might include:

1. To gain trial among non-users of a brand or service.
2. To increase repeat purchase and/or multiple purchases.
3. To expand brand usage by encouraging product uses in addition to usual **use.**
4. To defend share against competitors.
5. To support and reinforce an advertising campaign/theme or specific image.

To increase distribution and/or retailer/dealer cooperation

Sponsorship

Sponsorship marketing is typically done for promotional purposes, to generate publicity, or to obtain access to a wider audience than your budget can afford. Sponsorship marketing is done financially or through the provision of products or services to support an event, activity, person, or organization where two or more parties benefit from the arrangement. The key to building successful sponsorship programs is to match the correct products or services with the people who want to purchase them.

Categories Of Sponsorship

- **Title sponsor** is highest status of sponsorship. It characterizes the most significant contribution to a company in organizing and hosting an event. Often the name of such sponsor is placed next to the name of competition, teams, individual athletes and is associated with it (for example, the logo of a title sponsor is placed on a uniform of football club teams). The status of a title sponsor also allows to have a decisive voice on the issue of presence among sponsors other companies operating in the same business, the priority right to use players and coaches for conducting joint promotions, right of presence at all official events dedicated to a sports event, mandatory mentioning in all activities conducted on behalf of the team, highlighting the name of title sponsor in film credits, television programs which were created with its financial support, placement of logos and banners. In case of title sponsor's presence the general sponsor Position may remain free.

- **General sponsor** is a sponsor that makes one of the largest contributions (in absence of a title sponsor - usually more than 50% of all sponsorship funds raised) and that receives for it the right to use the image of competition as well as extensive media coverage. If necessary, the status of the general sponsor may be supplemented by the general sponsors for certain categories, as well as the main sponsor.
- **Official sponsor** is a sponsor that makes a certain part of raised funds (within 20-25%). Typically, the given status may be granted by category ("official insurance partner", "official automotive partner", etc.).
- **Technical sponsor** is a sponsor which promotes organization of sporting events through the partial or full payment of goods and services (e.g., medical equipment, fitness, organization of transportation and lodging).
- **Participating sponsor** is a company, the sponsorship fee size of which usually does not exceed 10% of total raised funds.
- **Informational sponsor** is an organization that provides informational support through media coverage, conducting PR-actions, joint actions, etc.

Benefits of Sponsorships

In today's new economy, budgets have been cut in almost every area, including marketing dollars. In the world of advertising, we are being bombarded every day with messages of new and improved products and services. Traditional ads that shout buzz words about how different they are from their competition or why someone should buy something, have lost their impact and prove to be a waste of money. A more effective alternative is becoming an event sponsor. Here are the top 10 reasons why it's a powerful way to promote your company.

1. **Create, Develop and Enhance Credibility-** Companies in general have few opportunities to build trust and establish rapport with their customers and prospects. Getting involved with an event and being seen as dependable and supportive will accelerate the process. Attending an event is important but standing out in the crowd by being a sponsor will highlight you and your business with a captive audience.

2. **Highly Targeted Marketing-** Events will have a certain mix of people that are in attendance. The event organizer is responsible for creating the audience and will have a goal to bring together the right crowd that will benefit from their program. Make sure to ask who their typical audience is and determine if they will be specifically targeted to your prospects.

3. **Leveraged Lead Generation-** The majority of people who attend an event will most likely know others with similar interests. Remember, not only will you be in front of them but may have a chance to be recommended to their connections as well.

4. **Media Exposure-** All events have their own marketing efforts to make sure the event is well attend and generally successful. When sponsors decide to be involved, they will automatically get the benefit of being promoted throughout the process. Some events have local media support while others may offer national campaigns. This could provide extended exposure and visibility in markets they have not tapped into yet.

5. **Brand Awareness & Recognition-** Logo placement in a variety of places such as flyers, direct mail, brochures, websites, email marketing campaigns, tickets, signage, etc. will add to increase brand awareness. Being recognized as a sponsor will communicate value and support with the audience at the event.

6. **Generate NEW Sales & Form NEW Business Partnerships-** Most events will have tables available

to display products or encourage people to buy on site. Consider providing a limited quantity or special discount if purchased at the event offer. Create NEW professional relationships with other sponsors, vendors, speakers and attendees.

7. **Community Involvement and Giving Back-** Larger, more established corporations that get involved with local events will be sending a message to the attendees that they are genuinely interested in providing support. Companies that show generosity for a cause will spark more human interest and appeal to the audience.

8. **Distribute Samples or Trial Offers-** Whether a company has been around for years or just starting, bringing samples to an event is a great way to "test market" before investing in a major marketing campaign. Consider giving trial offers to the attendees in exchange for honest feedback. This will provide useful information and allow the company to adjust accordingly.

9. **Contacts**- Access to Mailing Lists, Distribution Channels, Broadcast Opportunities

Acquiring a list of attendees may prove to be the most valuable asset available to a sponsor. If the event organizer is unable to provide the contact list for privacy reasons, it is perfectly acceptable for them to send out your marketing message on your behalf. Before committing to becoming a sponsor, make sure you evaluate where they plan on promoting their event. With today's advancements in social media, it's important to know what type of online presence the event has.

10. **Tax Deduction & Write Off-** Some events will be in the non-profit sector which would make a portion of the sponsorship a charitable donation. For profit events will allow companies to claim the sponsorship as advertising if enough marketing is offered in exchange. Consult with a tax consultant before making any contributions.

4.4 Implementation and Evaluation of Creative Strategies.

Types of Advertising Appeals and Execution Styles — What Sells

Being creative requires more than being funny. Targeting consumer needs with the right advertising appeals is critical in marketing. In advertising, there are many choices to be made concerning the message that should be conveyed. How to convey that message needs to be strategic and well conceived. One of the most important first steps is to determine what the purpose of the campaign is and the specified target audience. By clearly knowing the purpose and the intended target audience, then creative talents can be focused on what should be the appropriate common theme and which set of advertising appeals and execution styles should be employed.

An advertising appeal is an approach that uses a type of message intended to influence the way the consumer relates to what is being sold. In order to reach the consumer, the right appeal (tactic) needs to used and that is based on objective of campaign and the type of consumer being targeted.

Emotional appeals are the most common appeals utilized by marketers. This type of appeal targets a consumer's emotions and influence consumer engagement. Anytime a marketer can get a consumer to identify with the situation, especially through emotion, the percentage of conversion (purchase) increases dramatically. Simply stated, the idea of using an emotional appeal is to relate to the individual's psychological and social needs for purchasing a product or service.

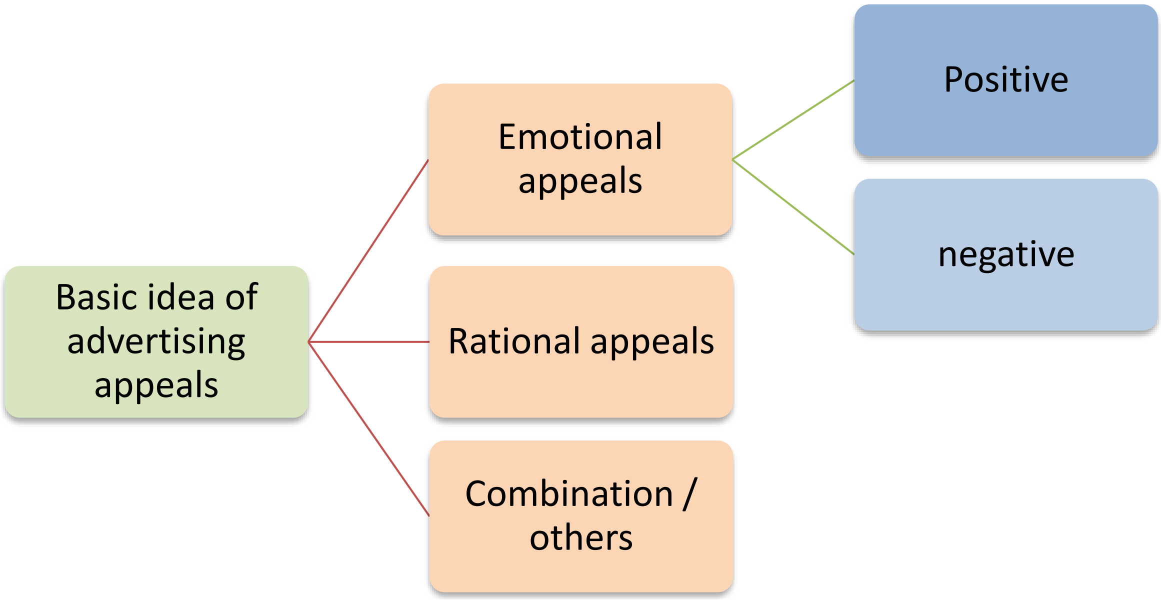

Figure 4.1 :Basic Idea Of Advertising Appeals

Emotional appeals include:

Personal appeal-Focused on emotions centered around the need for love, joy, self-esteem, happiness, safety, and family well-being

Social appeal-Focused on the individual need for recognition, respect, involvement, affiliation, and status

Fear appeal-Focused on individual needs based on fears….fear of loss of health, safety, and beauty

Humor appeal-It is proven that "humor" sells, because of attention, association, and memory recall is improved through an engaging humorous message

Other common types of appeals include sex appeal, music appeal, scarcity appeal, brand appeal, adventure appeal, endorsement, romance appeal and others.

The next step in using a specific appeal is to determine the executional styles for advertising. This is critical to get correct and has to be aligned with the type of appeal.

Executional styles include

Lifestyle: One of the most successful, relevant current strategies—Shows "how" the product or service will "fit" perfectly into the consumer's lifestyle or raise their convenience or quality of life. This format can be associated with personal appeal, causing the consumer to desire the lifestyle they see others in the advertisement experiencing, because they have the product depicted. If a consumer cannot "see" and "feel" the benefit of product/service to them, the sale will not happen. Lifestyle "shows" the consumer "how" and creates an aspiration for the offering. (i.e. A beautiful set of new lawn furniture being enjoyed by a family).

Slice-of-Life: Another successful style, usually associated with social appeal, depicts people in a normal setting enjoying life because of a certain product or service. This style is aimed at creating an attachment to an offering through showing how "they" could enjoy a slice-of-good-life if they were to engage in the offering. (ie. An advertisement depicting a luxurious cruise.)

Spokesman/Testimonial/Endorsement

Having celebrities or experts explain a product is often a way to have a consumer gain trust in a brand. However, trust has to be authentically created and not just a paid voice that is not behind the brand. Consumers today are smarter than ever and loyalty and trust cannot be bought, only earned.

Fantasy

Creating a fantasy around a product and what it can do for a consumer often aligns well with a social appeal-the need to identify with something bigger than oneself. (i.e. The status of having a sports car with the fantasy of a beautiful women being impressed by it.)

Humorous: Aligns directly with the humor appeal to engage a consumer in something that is funny and memorable. More than 30% of advertisements utilize humor for greater success.
Other execution styles include musical, scientific, mood/image.

Overall, being creative is very important, but before one can be creative in the right direction, the purpose of the campaign and the target audience needs to be determined. From there, an appropriate type of advertising appeal and execution style will provide creative direction. The funniest message in the world may not have the effect desired if it does not evoke the right emotional recognition of a need and appeal to the person who "sees" the advertisement.

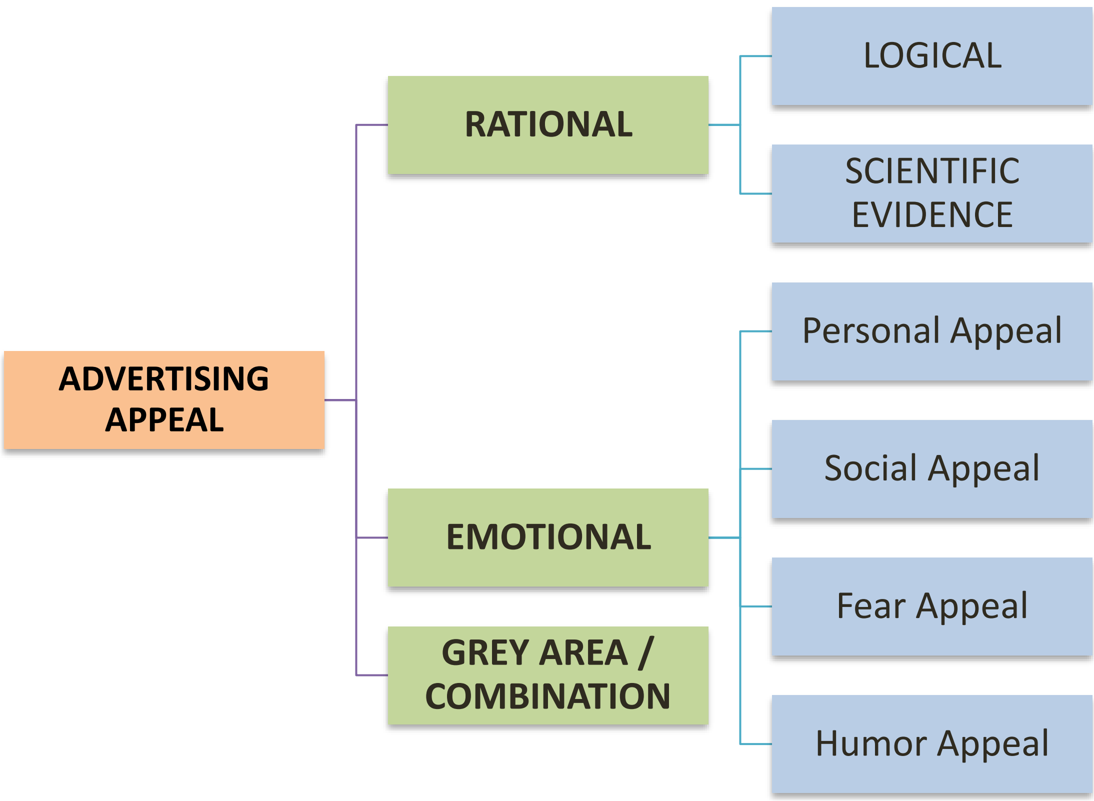

Figure 4.2 : Types of Appeals

5.5 Production Stages Of TV Commercials

Television commercials have graced the small screen from the very beginning of the medium. Though production methods have become more sophisticated, the process for TV commercial production is the same: careful planning, efficient shooting and sharp editing. Following the TV production process vigilantly ensures a quality end result for broadcasters.

Creative Consultation

During the creative consultation process, the advertising agency or production company talks to the client about what the client wants to say with her television commercial. Clients need to advertise a new product or service with a memorable commercial that is entertaining while conveying important information. The production company writes all of the necessary points down and pitches ideas to the client based upon the information. After the client and production company decide on a few ideas that will work, the production company will go to work on the next steps of the production process.

Pre-Production

Production companies must perform a number of tasks before the cameras start running. The pre-production process includes scriptwriting, location scouting, prop collection, hiring actors, equipment renting and creating shot-lists. The pre-production stage is the stage in which all of the TV commercial's scheduling is created. Commercial shoots are planned down to the minute because time is literally money. If a shoot runs long, hiring actors, renting equipment and reserving locations will inflate your budget.

Production

The actual filming of the commercial takes place during the production phase of the TV commercial production process. The director coordinates the shoot using the shot list and shooting script. Actors give multiple takes for dialogue and actions specified in the script. Production for TV commercials can take a day or multiple days of shooting, depending on the length of the commercial and the intricacy of the script. Once all of the shots are filmed, the director sends the film, tape or video files to the editor.

Post-Production

The post-production process includes all video editing, sound editing and exporting of the TV commercial. Video editing is performed on a non-linear editing system (NLE). The footage is reviewed, and the best performances from the actors are put together by the editor. Once all of the video editing is completed, the sound is mixed to make the audio levels even. Music and sound effects are finally added to the commercial. Once completed, the commercial is exported to videotape or hard drive, depending on the needs of the TV studio, and delivered.

Activity

Creativity is subjective, yet there have been some campaigns that have touched many hearts. Describe at least three campaigns, one each in the brand, copied rate, and public service category, that have been memorable because of a great thought process.

1) **Project Work**
    a. Divide the class into small groups of students and choose of least ten can paings per group, which in their view were great campaigns. Explain the rationale behind using a particular appeal.
    b. The groups can pick any ten campaigns from the print media and discus various elements in a layout such as balance, proportion, mood, etc

2) **Creating a Brand**

1. **Split students into groups of four.** Have each team pick a candy brand (you may want to use the bag of candy again).
2. **Inform students that their groups are advertising companies.** Their clients are a new candy brand in direct competition with the candy they've picked (for instance, if a group picked "Reese's' Peanut Butter Cups," their client is trying to compete with Reese's).
3. **Have students create a marketing strategy for their client.** Their strategy should include a brand identity, message to convey to consumers, a proposed social media account, and a pitch for an advertising campaign (this could be a commercial, social media campaign, etc.).
4. **Have students share their presentations with the class.** At the end, take a vote of which team's advertising campaign would seem most effective.

Review Questions:

- Describe the various objectives with which an advertisement should be made.
- Explain the factors considered for measuring the impact of Advertisements.
- Explain the various Sales promotion Techniques
- What is Sales Promotion? Enlist and explain various sales promotion techniques used by travel and tour companies to promote their domestic and international tours.
- Define creativity in advertising.
- What are the various methods of arriving at a creative solution?
- Elucidate the various kinds of appeals that are used in advertisement and campaigns with appropriate examples.
- Define layout and describe the various stages between layout and artwork
- Discuss the role of typography in advertising.
- Define colour psychology and indicate various colours that reflect a third or a n emotion.
- ICC Cricket Cup –provided a big opportunity to various companies for promoting their brands. Enlist various sponsors of this event and elaborate different promotional techniques used by them during the event.
- Develop a detailed advertising plan for a company who wish to launch a new range of biscuits in their existing brand. (Make necessary assumptions).
- “Advertising adds to the cost of product, which means additional burden on the customer”. Critically comment on the statement.

Must Know : Creativity in Indian Advertising

Indian advertising has for long been criticized for plagiarism. The Black Book has for long been referred to as the source of inspiration for majority of advertisements. Is imitation the best form of flattery? Is it legal or ethical? Issues such as these have been under the scanner for long.

The Advertising Agencies' Association of India (AAAI) in the late 1990s refused to hand out Gold Awards in 13 out of 34 categories. The Creative Artists' Guild found no entry worthy being bestowed the 'Big Idea of the Year' award. The Bombay Advertising Club chose to hold back first prizes in 17 out of 33 categories in the late nineties (Business Today 1996).

To say that everything is wrong with Indian advertising will be an exaggeration. The Indian advertising industry has produced some memorable and top-of-the-mind advertising campaigns in the past. Now-a-days, Indian creativity is being recognized at international forums. Cannes had Piyush Pandey as head of the jury in 2004. The first time Indian advertising gained recognition at the prestigious Cannes festival was when, in the mid-nineties, SSC&B's advertisement for Hexit fetched top honours. Some campaigns in the last few years have won honours. Although expectations were high during 2005, two silver trophies, one in the print and another in the outdoor category, and a bronze came to the Indian contingent.

Indian advertising was showcased during Ad Asia 2003 held at Jaipur in Rajasthan. However, many industry representatives felt that the work could have been more representative. The argument of the committee, however, was that only work that was Indian in ethos and treatment was selected. Like in other fields, it is not uncommon to see politics seeping into this profession.

To find out if creativity was over in Indian advertising, Business Today, a fortnightly magazine, spoke to a panel of six outstanding advertisingprofessionals in the late 1990s', asking (mli of then) In nominate 10 Indian campaigns that they considered unforgettable. Some campaigns chosen by the experts are mentioned below. Surf (the Lalitaji series) Conceived by the key word of the highly intrusive campaign in detergent powder Analysts feel it was HLL's 'come back advertising' after rival Nirma fed its soft underbelly with a low-priced product. While the ci was that what Surf needed was credibility to regain its market share, the creativity challenge was to establish a trust in the product through .1 character the target consumer could admire as well as identify with. To portray the agency's creative team prepared a long profile for her. A graduate limn the National School of Drama, Kavita Choudhray was the choice to showcase Lalitaji. She came out as a sensible housewife who did what she thought was best for her family. Lalitaji, in fact, became an icon for the surf and sensible woman middle class. Many later campaigns tried to rekindle the charisma, but the Lalitaji characterization stood apart. For a long tulip, Surf remained almost synonymous with Lalitaji. As of today, this Surf campaign probably has the highest recall. Pepsi (Yeh hi hai right choice baby!) Working on the client's brief to establish that Pepsi had taken the country by storm, the creative team of Hindustan Thompson Associates (now known as JWT) decided to 'outrage the view,' putting together a variety of scenes' shot by film-maker MukulAnand final different regions of India, each seizing a typically local situation such marchers' sloganeering in Calcutta, Carnatic music in a Solid' Indian temi a traditional wedding in Punjab, or monks in a Buddhist monastery, and getting the people involved in each situation to shout and sing the Pepsi. According to critic Adit Chatterjee, 'each scene came dangerously to touchy depiction of local culture and evoked either strong resentment is high approval. But very few forgot the ad'. Onida (the devil series) The creative team of Advertising Avenues tried focus on the technology factor, as briefed by the client, but came to the (illlusion that using a high tech ambiance would create 'either a dense undo growth of jargon, or it is mine-too campaign'. Hence they felt that 'shock' essential to evoke the right response to the brand and one of the routes through the emotion envy. Alter several brainstorming sessions, the bol that emerged was that of a 'devil'. Giving the devil a western look, from the quintessential Indian 'Rakshas', the Onida devil gave off friendly vibes. The campaign, according to experts, proved that appealing to basic instincts and not just to refined sensibility can make for a memorable ad. In fact, some surveys showed that when people went out to buy a TV, they asked for the TootaTV', signifying the Onida set.

Cadbury chocolates (The real taste of life) A campaign that caught public attention and repositioned

Cadbury chocolates as a product for adults and not just children showed a cricket match, with an anxious young girl sitting in the audience and munching a chocolate bar, while keeping her eyes fixed on one of the batsmen. When her boyfriend hit a six, the uninhibited girl began to dance. Paying no attention to the people around her or the security, she went dancing onto the field to hug him, much to his embarrassment. An excellent depiction of 'The real taste of Life'. The campaign was created by Ogilvy& Mather in 1994.

Changes, if any, can be effected at this stage without incurring much extra cost, before the advertisement goes to printing and publication. 'In advertising,' opine Bovee and Arens (1989), 'art refers to more than what a cartoonist, a painter, or an illustrator does. The term refers to the whole visual presentation of the commercial ad, including how the words in the ad are arranged, what size and style of type are used, whether photos and illustrations are used, and if so how they should be organized. Art also refers to what style of photography or illustration is employed, how colour is used, and how these elements are arranged in an ad and relate to one another in size and proportion'. Some experts compare the copy to spoken language and the art to the body language.

Visual presentation of the advertisement requires the expertise of various specialists. They are generally called artists, but when one looks closely at their job requirements, each of them handles a specialized function.

Let us take a look at the people who provide 'face' to an advertisement.

Art directors

Art directors are in charge of the visual presentation of the advertisement. In fact, the copywriter and art director generally discuss the initial concept, which is also termed the visualization process. After doing the initial sketching and layouts, some agencies share the work with the client. Changes, if required, are affected at this stage. After the final approvals, the art director does not normally get into the nifty gritty of the making of the advertisement. He/she only supervises the completion of the advertisement.

Graphic designers

Graphic designers are considered 'precision specialists', concerned with the shape and form of things. Their effort is directed towards arranging various graphic elements like type, illustrations, photos, and white space in an attractive fashion. Illustrators are artists who draw and paint pictures for an advertisement. This is a highly skilled job and there are specialist categories among illustrators, such as, fashion design illustrators, nature illustrators, water color illustrators, etc.

Production artists Production or paste-up artists are responsible for assembling the various elements of an advertisement mechanically and putting them together the way it has been conceptualized. Their work demands long and tedious hours, and precision in assembling little pieces of various ingredients, such as pictures, captions, headlines, body text, logo, mission statement, and at times paste-ups or coupons. Their job demands a high degree of concentration, long working hours, and doing a tidy job. In fact, many youngsters, after graduating from commercial art schools, start off as paste-up artists and in time, work their way up the ladder to become graphic designers and ultimately art directors and visualizers.

Chapter 5 Measuring Effectiveness and Control of Promotional Programs

Introduction

Nowadays, organisations are spending a very large amount of money on advertising. Advertisers want to measure the effectiveness of advertising to evaluate the worth of spending large amount of money on advertising. It is important to determine how well the advertising campaign is working and to measure its performance against predetermined advertising objectives. This performance evaluation of advertising campaign is known as measuring advertising effectiveness.

Measuring/evaluating advertising effectiveness refers to evaluation of advertising results against the pre-established standards of performance and objectives. Advertising objectives can be sales objective or communication objective. In the evaluation process, it is estimated that up to what extent advertising campaign has been able to achieve its sales or communication objectives. If the advertising fails to achieve the desired results, the money spent on advertising will go waste. Measuring the effectiveness of advertising is not an easy task, as advertising objectives are not specific and advertising is not the only element in the promotion-mix.

Objectives

1. To understand reasons for measuring promotional program effectiveness
2. To know the various measures used in assessing promotional program effectiveness.
3. To evaluate alternative methods for measuring promotional program effectiveness.
4. To understand the requirements of proper effectiveness research.

5.1 Meaning and importance of measuring communication effectiveness

As marketers spend their communications money in numerous media, the need to determine the effectiveness of these expenditures becomes increasingly important. In this chapter, we discuss some reason firms should measure the effectiveness of their IMC programs, as well as why many decide not to. We also examine how, when, and where such measurements can be conducted. While evaluative research may occur at various times throughout the promotional process (including the development stage), it is conducted specifically to assess the effects of various strategies.

Advertising effectiveness can be evaluated by measuring increase in sales after advertising. If the increase in sales significant, then advertising is effective. Another way of measuring advertising effectiveness is to know how far ad is effective in achieving its communication objectives. For this some consumers are interviewed to know whether they remember the ad, brand name of the product, slogan given in the ad, whether they have understand the message given in advertisement etc. or not. If their answer is affirmative and they are able to recall they advertisement, then ad is said be too effective. So in this stage, advertiser can find out weakness of advertising process and can take corrective actions in the next advertising plan.

Reasons to Measure

1. **Avoid costly mistakes**- If the program is not achieving its objectives, the marketing manager needs to know so he or she can stop spending (wasting) money on it. Just as important as the out-of-pocket costs is the opportunity loss due to poor communications.
2. **Evaluating alternative strategies** - Companies often test alternate versions of their advertising in different cities to determine which ad communicates most effectively. They may also explore different forms of couponing.
3. **Increasing the efficiency of advertising in general** - Sometimes as advertisers know what they are trying to say, they expect their audience will also understand. Conducting research helps companies develop more efficient and effective communications.
4. **Determining if objectives are achieved** - In a well-designed IMC plan, specific objectives are established. If objectives are attained, new ones need to be established in the next planning period.

Reasons not to Measure Effectiveness

1. **Cost** – The most commonly cited reason for not testing (particularly among smaller firms) is the expense. Good research can be expensive, in terms of both time and money. Many managers decide that time is critical and they must implement the program while the opportunity is available. Many believe the money spent on research could be better spent on improved production of the ad, additional media buys, and the like. However, spending more money to buy media does not remedy a poor message or substitute for an improper promotional mix.
2. **Research problems** – Reason for not measuring effectiveness is that it is difficult to isolate the effects of promotional elements. Each variable in the marketing mix affects the success of a product or service, and thus it is often difficult to measure the contribution of each marketing element directly.
3. **Disagreement on what to test** - The objectives sought in the promotional program may differ by industry, by stage of the product life cycle, or even for different people within the firm
4. **The objections of creative** - It has been argued by many, and denied by others, that the creative department does not want its work to be tested and many agencies are reluctant to submit their work for testing. This is sometimes true. Ad agencies' creative departments argue that tests are not true measures of the creativity and effectiveness of ads.
5. **Time** - A final reason given for not testing is a lack of time. Managers believe they already have too much to do and just can't get around to testing, and they don't want to wait to get the message out because they might miss the window of opportunity. Planning might be the solution to the first problem.

Conducting the Research: What to Test

Source Factors - An important question is whether the spokesperson being used is effective and how the target market will respond to him or her.

Message - Both the message and the means by which it is communicated are bases for evaluation. In some cases, the message never provided a reason for consumers to try the new product. In other instances, the message may not be strong enough to pull readers into the ad by attracting their attention or clear enough to help them evaluate the product. Sometimes the message is memorable but doesn't achieve the other goals set by management.

Media Strategies - Media decisions need to be evaluated. Research may be designed to determine which media class (for example, broadcast versus print), subclass (newspaper versus magazines), or specific vehicles (which newspapers or magazines) generate the most effective results. Another factor is the vehicle option source effect, "the differential impact that the advertising exposure will have on the same audience member if the exposure occurs in one media option rather than another." A final factor in media decisions involves scheduling.

Budget Decisions - A number of studies have examined the effects of budget size on advertising effectiveness and the effects of various ad expenditures on sales. Many companies have also attempted to determine whether increasing their ad budget directly increases sales.

When to Test: Virtually all test measures can be classified according to when they are conducted. Pretests are measures taken before the campaign is implemented; post-tests occur after the ad or commercial has been in the field. Some of the testing methods are as given below

Where to Test: The tests may take place in either laboratory or field settings. In **laboratory tests,** people are brought to a particular location where they are shown ads and/or commercials. The testers either ask questions about them or measure participants' responses by other methods—for example, pupil dilation, eye tracking, or galvanic skin response. The major advantage of the lab setting is the control it affords the researcher. The major disadvantage is the lack of realism. Perhaps the greatest effect of this lack of realism is a testing bias. A second problem with this lack of realism is that it cannot duplicate the natural viewing situation, complete with the distractions or comforts of home.

Field tests are tests of the ad or commercial under natural viewing situations, complete with the realism of noise, distractions, and the comforts of home. Field tests take into account the effects of repetition, program content, and even the presence of competitive messages. The major disadvantage of field tests is the lack of control.

Table: 5.1 Types of Test

Pretests		
Laboratory Methods		
Consumer juries	Theater tests	Readability tests
Portfolio tests	Rough tests	Comprehension and reaction tests
Physiological measures	Concept tests	
Field Methods		
Dummy advertising vehicles	On-air tests	
Posttests		
Field Methods		
Recall tests	Single-source systems	Recognition tests
Association measures	Inquiry tests	Tracking studies

Source: http://shillongsultans.blogspot.com

5.2 The Testing Process

How to Test: Our discussion of what should be tested, when, and where was general and designed to establish a basic understanding of the overall process as well as some key terms. In this section, we discuss more specifically some of the methods commonly used at each stage. First, however, it is important to establish some criteria by which to judge ads and commercials. Consider the one below:

a. **PACT (Positioning Advertising Copy Testing) :**PACT (Positioning, Advertising, Copy and Testing)**,** defines copy testing as research which is undertaken when a decision is to be made about whether advertising should run in the marketplace. Whether this stage utilizes a single test or a combination of tests, its purpose is to aid in the judgment of specific advertising executions.

Nine principles of good copy testing

1. Provide measurements that are relevant to the objectives of the advertising.
2. Require agreement about how the results will be used in advance of each specific test.
3. Provide multiple measurements (because single measurements are not adequate to assess ad performance).
4. Be based on a model of human response to communications — the reception of a stimulus, the comprehension of the stimulus, and the response to the stimulus.
5. Allow for consideration of whether the advertising stimulus should be exposed more than once.
6. Require that the more finished a piece of copy is, the more soundly it can be evaluated and require, as a minimum, that alternative executions be tested in the same degree of finish.
7. Provide controls to avoid the biasing effects of the exposure context.
8. Take into account basic considerations of sample definition.
9. Demonstrate reliability and validity:

Testing Process:

Concept Generation and Testing:

Table 5.2: Concept Generation and Testing

Objective:	Explores consumers' responses to various ad concepts as expressed in words, pictures, or symbols.
Method:	Alternative concepts are exposed to consumers who match the characteristics of the target audience. Reactions and evaluations of each are sought through a variety of methods, including focus groups, direct questioning, and survey completion. Sample sizes vary depending on the number of concepts to be presented and the consensus of responses.
Output:	Qualitative and/or quantitative data evaluating and comparing alternative concepts.

Source: http://shillongsultans.blogspot.com

One of the more commonly used methods for concept testing is focus groups, which usually consist of 8 to 10 people in the target market for the product. Companies have tested everything from product concepts to advertising concepts using focus groups.

While focus groups continue to be a favorite of marketers, they are often overused. The methodology is attractive in that results are easily obtained, directly observable, and immediate. A variety of issues can be examined, and consumers are free to go into depth in areas they consider important. Also, focus groups don't require quantitative analysis. Unfortunately, many managers are uncertain about research methods that require statistics, and focus groups, being qualitative in nature, don't demand much skill in interpretation. Weaknesses with focus groups are shown below –

Table 5.3: Weaknesses with focus groups

- The results are not quantifiable.
- Sample sizes are too small to generalize to larger populations.
- Group influences may bias participants' responses.
- One or two members of the group may steer the conversation or dominate the discussion.
- Consumers become instant "experts."
- Members may not represent the target market. (Are focus group participants a certain type of person?)
- Results may be taken to be more representative and/or definitive than they really are.

Source: http://shillongsultans.blogspot.com

Rough Art, Copy and Commercial Testing

Rough tests must indicate how the finished commercial would perform. Some studies have demonstrated that these testing methods are reliable and the results typically correlate well with the finished ad

Rough Testing Terminology

Table 5.4: Rough Testing Terminology

A *rough* commercial is an unfinished execution that may fall into three broad categories:

Animatic Rough	*Photomatic Rough*	*Live-Action Rough*
Succession of drawings/cartoons	Succession of photographs	Live motion
Rendered artwork	Real people/scenery	Stand-in/nonunion talent
Still frames	Still frames	Nonunion crew
Simulated movement: Panning/zooming of frame/ rapid sequence	Simulated movements: Panning/zooming of frame/ rapid sequence	Limited props/minimal opticals
		Location settings

A Finished Commercial Uses:

Live motion/animation

Highly paid union talent

Full union crew

Exotic props/studio sets/special effects

Source: http://shillongsultans.blogspot.com

Popular tests include comprehension and reaction tests and consumer juries.

1. **Comprehension and reaction tests** - One key concern for the advertiser is whether the ad or

commercial conveys the meaning intended. The second concern is the reaction the ad generates. Obviously, the advertiser does not want an ad that evokes a negative reaction or offends someone. Comprehension and reaction tests are designed to assess these responses. There is no one standard procedure as such. Personal interviews, group interviews, and focus groups have all been used for this purpose, and sample sizes vary according to the needs of the client; they typically range from 50 to 200 respondents.

2. **Consumer juries** - This method uses consumers representative of the target market to evaluate the probable success of an ad Consumer juries may be asked to rate a selection of layouts or copy versions presented in paste ups on separate sheets.

Table 5.5: Consumer Juries

Objective:	Potential viewers (consumers) are asked to evaluate ads and give their reactions to and evaluation of them. When two or more ads are tested, viewers are usually asked to rate or rank order the ads according to their preferences.
Method:	Respondents are asked to view ads and rate them according to either (1) the order of merit method or (2) the paired comparison method. In the former, the respondent is asked to view the ads, then rank them from one to *n* according to their perceived merit. In the latter, ads are compared only two at a time. Each ad is compared to every other ad in the group, and the winner is listed. The best ad is that which wins the most times. Consumer juries typically employ 50 to 100 participants.
Output:	An overall reaction to each ad under construction as well as a rank ordering of the ads based on the viewers' perceptions.

Source: http://shillongsultans.blogspot.com

Pretesting of Finished Ads: Pretesting finished ads is one of the more commonly employed studies among marketing researchers and their agencies. At this stage, a finished advertisement or commercial is used; since it has not been presented to the market, changes can still be made.

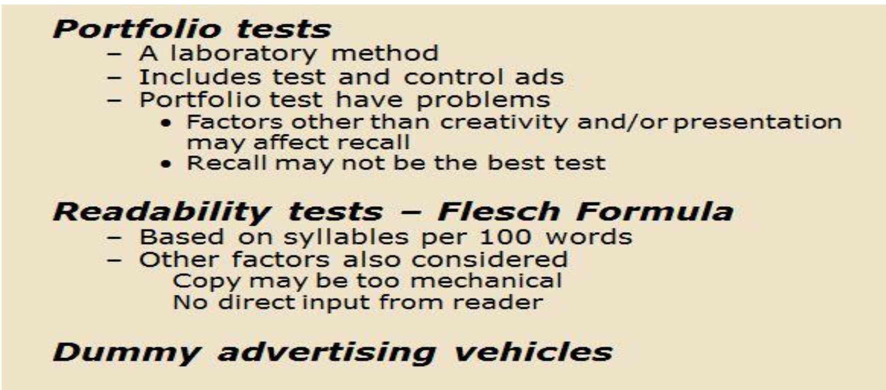

Figure 5.6: Pretesting of Finished Ads
Source: http://shillongsultans.blogspot.com

Pretesting of Finished Broadcast Ads

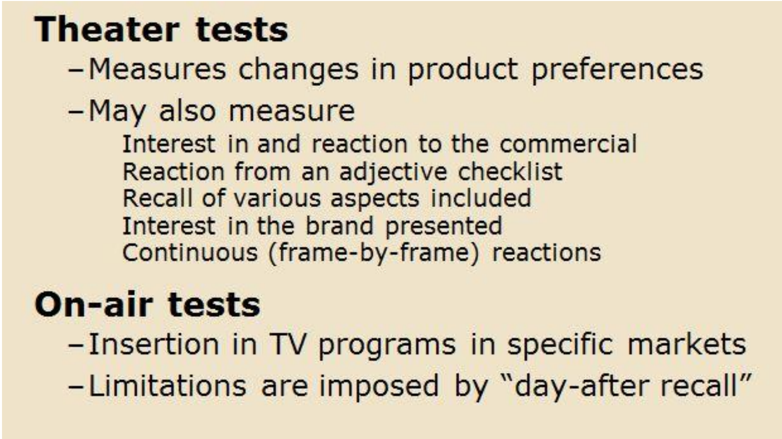

Figure 5.7: Pretesting of Finished Broadcast Ads

Source: http://shillongsultans.blogspot.com

Physiological Measures

A less common method of pretesting finished commercials involves a laboratory setting in which physiological responses are measured. These measures indicate the receiver's involuntary response to the ad, theoretically eliminating biases associated with the voluntary measures reviewed to this point.

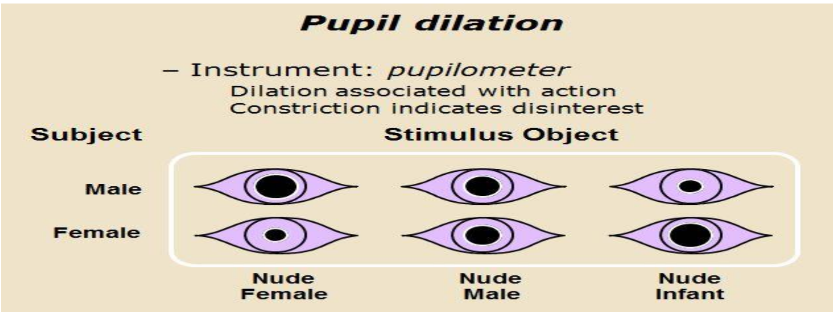

Figure 5.8:Physiological Measures

Source: http://shillongsultans.blogspot.com

1) Pupil Dilation
2) Galvanic Skin Response
3) Eye Tracking
4) Brain waves: Electroencephalographic (EEG) measures

Market Testing of Ads

Post Testing of Print Ads -

Inquiry Tests Used in both consumer and business-to-business market testing, inquiry tests are designed to measure advertising effectiveness on the basis of inquiries generated from ads appearing in various print media, often referred to as "bingo cards." The inquiry may take the form of the number of coupons returned, phone calls generated, or direct inquiries through reader cards. More complex methods of measuring effectiveness through inquiries may involve (1) running the ad in successive issues of the same medium, (2) running split-run tests, in which variations of the ad appear in different copies of the same newspaper or magazine, and/or (3) running the same ad in different media. Each of these methods yields information on different aspects of the strategy. The first measures the cumulative effects of the campaign; the second examines specific elements of the ad or variations on it. The final method measures the effectiveness of the medium rather than the ad itself.

Recognition Tests Perhaps the most common posttest of print ads is the recognition method, most closely associated with Roper ASW. The Starch Ad Readership Report lets the advertiser assess the impact of an ad in a single issue of a magazine, over time, and/or across different magazines. But many researchers have criticized other aspects of the Starch recognition method (as well as other recognition measures) on the basis of problems of false claiming, interviewer sensitivities, and unreliable scores.

Recall Tests There are several tests to measure recall of print ads. These recall tests are similar to those discussed in the section on pretesting broadcast ads in that they attempt to measure recall of specific ads. In addition to having the same interviewer problems as recognition tests, recall tests have other disadvantages. The reader's degree of involvement with the product and/or the distinctiveness of the appeals and visuals may lead to higher-than-accurate recall scores, although in general the method may lead to lower levels of recall than actually exist (an error the advertiser would be happy with). Critics contend the test is not strong enough to reflect recall accurately, so many ads may score as less effective than they really are, and advertisers may abandon or modify them needlessly.

Post Tests on Broadcast Commercials –

Day after recall tests
Diagnostic Tests
Test marketing
Single Source Tracking Studies

Figure 5.9: Post Tests on Broadcast Commercials
Source: http://shillongsultans.blogspot.com

Factors that Make or Break Tracking Studies

1. Properly defined objectives
2. Alignment with sales objectives
3. Properly designed measures
4. Consistency through replication of the sampling plan
5. Random samples
6. Continuous interviewing, not seasonal
7. Evaluate measures related to behavior
8. Critical evaluative questions early to eliminate bias
9. Measurement of competitors' performance
10. Skepticism about questions asking where ad was seen or heard
11. Building of news value into the study
12. "Moving averages" used to spot long-term
13. Data reporting relationships rather than as isolated facts
14. Integration of key marketplace events with tracking results

5.3 Measuring Effectiveness & Methods

Methods of Measuring Advertising Effectiveness

1) Message Evaluations: Under this method, the advertisement copy (or the message) as well as the whole advertisement infrastructure (or the physical setup of the advertising) is examined to know the efficiency of the advertisement. It includes examining commercials, newspaper ads, billboards, coupons, etc. It also includes analysing the people involved in commercials (whether on TV or radio). Both the cognitive elements concerning an ad (like recall and recognition along with attitudinal and emotional responses) are considered while evaluating an advertisement message. Message evaluations can be done by following methods:

a. **Concept Testing:** Concept testing is aimed at the actual content of the ad and the impact that content has no potential customers. Many advertising agencies conduct concept tests before spending money to develop an advertisement or promotional piece. The most common procedure used for concept testing is a focus group. Concept Testing is the investigation of potential consumers' reactions to a proposed product or service before introducing the product or service to market. As businesses and organisations look to launch a product or invest in the development of an idea, concept testing is a valuable step to identify perceptions, wants and needs associated with a product or service.
b. **Copy Testing:** Copy testing is a means of measuring the communication value of advertising. As a diagnostic tool rather than an evaluative tool, copy testing can be instrumental to the creative development process.
c. **Recall Tests:** There are several tests to measure recall of print ads. Perhaps the best known of these are the Ipsos-ASI Next Print test and the Gallup and Robinson Magazine Impact Research Service (MIRS). Recall tests have been classified into two classes — aided recall and unaided recall.

d. **Recognition Tests:** A recognition test is a format in which individuals are given copies of an ad and asked if they recognize it or have seen it before. Those who say they have seen the ad are asked to provide additional details about when and where the ad was encountered **(For example,** specific television program, the name of the magazine, the location of the billboard, etc.).

e. **Attitude and Opinion Tests:** Many of the tests used to measure advertisements are designed to examine the attitudinal components. Attitude tests deal with both the cognitive and affective reactions to an ad. They are also used to solicit consumer opinions. Opinions are gathered from surveys or focus groups. They can also be obtained as part of a mall intercept plan or even in laboratory settings.

2) **Behavioral Evaluation:** This mechanism deals with evaluating different customer responses to different advertising efforts. Customers' responsive behaviour may include inquiries, store visits or actual buying of the product. The techniques used for evaluating respondent behaviours are based on numbers, like, determining total number of redeemed coupons, total number of calls made in a telemarketing plan and sales fluctuations in terms of numbers or values.

Majority of advertising agencies, now-a-days, are asked to represent convincing evidence of the success of their ads and this evidence can be developed by analyzing the respondent behaviour. Total number of coupons redeemed, number of customers visiting the stores, alteration in sales figures, etc., act as evidence for measuring advertising effectiveness. Three criteria of behavioural measures are as follows:

a. **Sales and Redemption Rates:** Now it is easier to monitor sales performance than past due to technological advancement. The high degree of retail sales data automation enables to monitor the collected information from thousands of store locations in near to real time basis. Use of scanner and Universal product codes data, increases the effectiveness of sales evaluation. The National Retail Data Monitor receives data daily from 10,000 stores, including pharmacies that sell health care products. These stores belong to national chains that process sales data centrally and utilize universal product codes and scanner to collect sales information at the cash register. Scanner data makes it possible for companies to monitor sales and help both the retailer and manufacturer discover the impact of particular marketing programme.

b. **Test Markets:** Before launching national or international marketing campaign, company examines the effects of marketing effort on small scale that is called test markets. By test markets, several elements of marketing communication programmes can be evaluated. The launch of product depends upon success in test market. It is used to assess advertisements, promotions and premiums, pricing and tactics and new products.

c. **Purchase Simulation Test:** By purchase simulation test, customer intention for purchase is recorded. Consumer can be asked in several ways if they would be willing to buy products, **For example,** they would be asked about purchase intentions at the end of laboratory experiments, however, intentions are self-reported and tend not to be an accurate predictor of future purchase behaviours.

Tests for Measuring Advertising Effectiveness

Measuring advertising effectiveness is very crucial for the success of any organisation. It helps marketers in determining whether or not the organisational objectives are effectively achieved by advertising efforts and whether the budget for advertising is appropriately utilised or not. Advertising effectiveness can be measured with the help of following three tests:

1. Pre-testing of advertising,
2. Concurrent testing of advertising, and
3. Post-testing of advertising.

Pre-testing/Copy Testing

Testing or analyzing the advertising effectiveness before its launch in the market, is called 'pre-testing'. Sometimes these pre-tests are also called 'copy tests' as they test the effectiveness of an advertisement copy. The main reason for pre-testing or testing the advertisement before its actual launch, is to make sure that all the required objectives (advertisement objectives) are efficiently achieved.

Both qualitative and quantitative types of methods are used for pre-testing the advertisement. Generally, pretesting of ads is done with techniques namely; focus groups, physiological tests, theatre tests, readability, concept testing, dummy vehicles, consumer juries, etc. The most preferred qualitative method for pre-testing is focus group method, whereas, theatre test method is the most preferred quantitative method. Pre-testing techniques used during the development of an advertisement are as follows

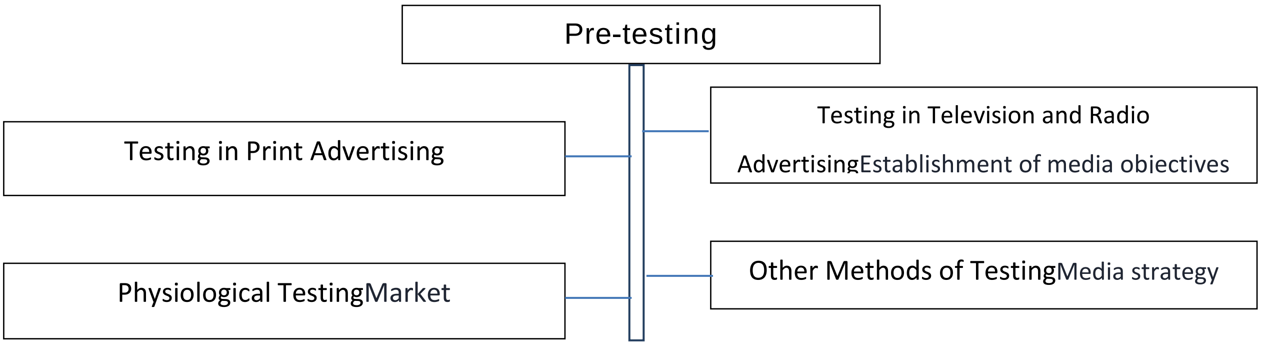

Figure 5.1: Pre-testing techniques used during the development of an advertisement

1) Testing in Print Advertising

a. **Direct Questioning:** Under this method, a researcher directly asks questions to respondents concerning the advertisement effectiveness.
b. **Focus Group:** A group of about eight to ten customers is created to conduct a simple group discussion and interview session. It is focused towards determining the effectiveness of advertising.
c. **Portfolio Test:** This test is called portfolio test as different advertisements (test ads along with some control ads) are grouped in a portfolio. Respondents are given this portfolio to study it. After sometimes, they are asked about these ads to determine what they recall from such portfolio. The ad getting the maximum number of recalls from respondents is assumed to be the best ad.
d. **Paired Comparison Test:** Every advertisement in a group of ads is compared or evaluated by respondents.
e. **Order-of-merit Test:** Few alternative advertisements are shown to respondents to arrange them in order of merit/rank.
f. **Mock Magazine Test:** Respondents receive a copy of magazine containing the ads which are to be tested. This magazine is given to them for specific time duration.

g. **Direct-mail Test:** Different prospective customers are randomly selected from mail list and separate ads are sent to them. The effectiveness of the ads is determined by the size of orders received from these customers.

2) **Testing in Television and Radio Advertising**

a. **Central Location Test:** A central location is selected like a shopping mall where respondents view a test commercial film. Respondents are asked certain questions before and after the ad film to determine whether the ad was sufficient enough to get their attention and influence their attitudes.

b. **Clutter Test:** Here the respondents are shown test commercials and non-competing control commercials at the same time to judge their efficiency as well as their shortcomings. It also helps in ' determining the influence of the commercials on the attitude of respondents.

c. **Trailer Test:** Commercials are shown in trailers at shopping malls which are viewed by respondents and they also get coupons of the product advertised in the commercial.

d. **Theatre Test:** Respondents view television commercial in a theatre where they are given electronic instruments to denote their preferences.

e. **Live Telecast Test:** CCTVs or cable televisions are used to display the commercial and afterwards respondents give a telephonic interview to convey their preferences.

f. **Sales Experiment:** Alternative radio or television commercials are screened in different markets.

g. **Physiological Testing**

I. **Pupillometeric Device:** An instrument devised to measure dilations of pupils of a person is used to specify a respondent's interest in the commercial.

II. **Eye Movement Camera:** The movement of eyes of a respondent in a particular course of direction while watching the ad is superimposed over it to find out the specific spots which fascinated and grabbed the attention of respondent.

III. **Galvanic Skin Response (Electrodermal Response):** In order to measure the apprehensions produced by an ad on the respondent, the sweat gland activity is measured by giving very light electrical currents.

IV. **Voice Pitch Analysis:** Respondents' voice responses are taped and analyzed on a computer to determine voice-pitch modulations caused due to emotional responses while watching a commercial.

V. **Brain Pattern Analysis:** Various reactions of the brain of respondents are observed by a scanner.

VI. **Hemispheric Lateralisation:** This testing helps to differentiate between alpha activities occurring in the right side of the brain and the same occurring in the left side of the brain.

3)Other Methods of Testing: There are several other pre-testing methods used to test advertisements which are listed below:

I. **Consumer Jury:** A group of 50 to 100 individuals is selected from the target audience to form a consumer jury. Their interviews are conducted either in small groups or separately. They do the grading of commercials on the basis of specific variables or their own preferences and tastes. **For example,** the preferences of a listener's music can be evaluated in the same manner.

II. **Laboratory Stores:** Here, in this method, surroundings suitable for shopping are replicated by researchers. This is done so by creating a shopping shelf, like a departmental store displaying genuine brands. Respondents can pick up products of their choice after viewing the commercial. Laboratory testing method is furnished by a famous supplier named Research Systems Corporation with the help of its testing system called as 'ARS Persuasion'.

Concurrent Testing: Concurrent testing also known as **'coincidental testing'** is a testing method conducted during the action-time of advertisements. This kind of testing can be done while the promotional and advertising campaigns are being conducted. The response received from this testing method is utilised to take remedial measures. It evaluates advertising effectiveness of various broadcasting mediums and electronic or print vehicles like radio, television, etc. Organisations conducting outdoor advertising find this testing method to be quite beneficial. The various tests under concurrent testing are as follows:

1. **Coincidental Surveys:** It is also known as 'coincidental telephone method'. It is a test in which a group of households is shortlisted as a sample. The researchers call the respondents at the time when the advertisement program is being telecasted, to find out whether the respondents have turned on their radio or television sets and if yes, have they tuned in the particular channel on television or radio sets (where the program is being broadcasted). The percentage of viewership received by the programme is evaluated with this method of testing.
2. **Consumer Diaries:** A group of families or individual family members shortlisted for the test is provided diaries to make a note of all the necessary information related with the program which they listen on radio or watch on television.

Mechanical Devices: Various broadcasting mediums make use of mechanical devices to calculate the effectiveness of an ad which are:

1. Psycho-galvanometer,
2. Truck electronic unit,
3. Audiometer, and
4. Tachistoscope.
5.

Traffic Counts: Traffic counts are particularly relevant for outdoor advertising campaigns. The counting activity is done by autonomous bodies which are either public or private organisations or advertising agencies. A considerable amount of data can be collected with this test. **For example,** it is quite easy to find out the number of vehicles and number of times those vehicles were displayed on a wall painting, poster or a notice board, just by paying reasonably small charges.

Post-testing: Evaluation of an ad, once it has been revealed with the help of suitable media vehicles, is called `post-testing'. Post-testing is useful (once the advertisement is over), to learn, till what extent, the advertisement has accomplished the advertising objectives. The primary purpose of advertising is to create consciousness, preferences and attention about the product among the potential customers and develop a positive outlook towards the product.

Pre-testing methods are principally advised over and above the post-testing processes, as they help to prevent misuse of funds allotted towards incompetent advertisements. However, post-testing aids in restructuring of existing ad campaigns and formulating future ad plans. **For example,** post-testing assessment concluded that Kraft Miracle Whip became the first choice under brand selection category, following the ads appeared on television and newspapers, etc.

Types of Post-tests: Following types of post-tests are available to advertisers

1. **Inquiry Tests:** In inquiry tests, inquiries initiated due to advertisements published through print medium (also termed as 'bingo cards'), help determine the effectiveness of the ads. Inquiries generated can be through number of coupons redeemed, direct inquiries made by customers by reader cards or number of calls received to inbound telemarketing centre. It can be implied in both consumer market and organisational market.
2. **Attitude Change Tests:** Advertising effectiveness can be evaluated by measuring attitude changes. It computes the level of affirmative responses generated about the organisation, its products and its reputation. Thismethod enables to measure commitment, liking, intention, acceptance about the brand and product. Once the advertising program concludes, various methods can be used to measure the attitudinal changes. These methods induct: the Likert scale, ranking techniques, projective techniques and semantic differential scale.
3. **Recognition Tests:** Recognition tests are conducted to find out the number of readers who read the ads published in various print media. The process involves interviewing readers and magazines or newspapers where the ad was published. Researchers find but whether the reader has read the particular article by asking questions related to the topic. Then the reader identifies the various elements of the article on every page as read by him/her.
   The recognition level is indicated with the help of following tests:
   - **a. Mail Surveys:** Selected respondents receive a mail containing various questions about the ad and a detailed elucidation of the advertisement. The respondents are asked to fill in the necessary answers and sent it back to the survey conductor. But the brand name is not disclosed in the description, which is expected to be identified by the respondents. Generally, the respondents get incentives for answering the questions of the questionnaire:
   - **b. Starch Test:** Daniel Starch, a psychologist, devised the Starch test in the year, 1923, to determine the advertising effectiveness in the print media. It is a famous post-test technique conducted to identify if the reader has noticed the ad published in the magazine. The only pre-requisite for this test is that the reader must have already read the article during his normal course of reading, before this test. The interviewer asks whether the reader has noticed the ad before this test or not.
4. **Recall Tests:** `Ipsos- ASI Next Print test' and `Gallup and Robinson Magazine Impact Research Service (MIRS)' are some of the most popular tests used to evaluate the recall of ads given in the print media.
5. **Split-run Tests**: It is a refined version of inquiry test. Testing more than one ad at the same time, same position and in same publication is realizable with split-run test. It assures to have an impact of each ad on corresponding class of readers.
6. **Sales Tests:** It is an experiment (conducted under supervision and practical conditions), and not a prompted activity. It tries to form a direct link between sales of goods or services and other variables of the product. It enables testing of advertising medium (along with other media) and advertisement (along with other advertisements). For example, an advertisement of toilet soap can be tested with another ad for the same product by Godrej company.

Difficulties in Measuring Advertising Effectiveness

The main difficulties observed in the evaluation of advertising effectiveness are

1. **Advertising is not the only Factor Affecting Sales:** Most of the methods used for evaluating effectiveness of advertisement assume that advertisement is the only factor affecting sales. But there are many other factors which may be responsible for increase in sale, viz., change in price, improvement in product features, sales promotion schemes, etc. So assuming that, increase in sale is the result of advertisement only, is wrong.
2. **Effect of Past Advertisement**: Methods of evaluating advertisement effectiveness assume that response of customers in test area is the outcome of advertisement done in test period. But actually, the response of customers may be because of past advertisement. For example, if a person had seen an advertisement long ago but at that time either because of financial constraints or because of no need, he did not buy that product. But it is possible that he is carrying deep favourable impressions of that past advertisement till now. If at present he is financially sound or need is relished then he can purchase that product. So in this case, sale has occurred on account on past advertisement and not present advertisement.
3. **Difficult to Evaluate the Effectiveness of Goodwill Advertisement:** Goodwill ads are issued to improve the image of the Organisation in the long-run. The purpose of these ads is to improve the image of the Organisation by meeting some social responsibilities like creating awareness for growing more trees, eye donation, pollution-control, etc. Effect of these advertisements on sale, image or goodwill cannot be measured.
4. **Ad-effectiveness using a Communication Objective is not sufficient in itself:** Some advertisement may achieve communication objectives, but may not promote sales. Some advertisement may be very attractive, well remembered, entertaining and liked by many viewers/audience, but still it may be ineffective in generating additional sales. These advertisements may be well recalled because of attractive models, easy to remember phrases, humorous appeal, etc., but viewers still may not be buying the product; because they have no liking for that product. **For example,** advertisement of Bagpiper with Sunny Deol as model is remembered by many viewers because its model is attractive. But still all such viewers do not buy Bagpiper products. So measuring ad-effectiveness only on the bases of communication objectives is not sufficient in itself.
5. **Subjective Method for Measuring Advertising Effectiveness:** There are various methods given by different experts for measuring ad-effectiveness. But most of the methods are subjective in nature, as they do not give any universal criterion for measuring ad-effectiveness. There are various criterions like increase in sale, attention gaining ability, easy to remember, entertaining, humorous, persuasive, etc. For measuring accepted criterion. It is possible that an advertisement is effective on one criterion but effective on the basis of other criterion.
6. **Not Suggestive in Nature:** Most of the methods for evaluating effectiveness of advertisement classify the ad as effective or ineffective. But these methods do not suggest what extra points should be added, what modifications be made to make the advertisement more effective.
7. **Difficult to Evaluate Percentage Response:** For evaluating effectiveness, some response is desired from the customers. But because total number of readers/viewers of media is not exactly known, so percentage of response generated because of advertisement cannot be measured. If ad is given only through mail then this per cent can be calculated easily, as total Ambers of persons who are contacted through mail are known, but if ad is given by any

other source like T.V., radio, magazine then the per cent of viewers cannot be precisely obtained, as total number of reader/viewers is unknown to us.

8. **Difficulties of Sampling Methods:** Almost all methods of evaluating advertising effectiveness are based on sampling. Some respondents and market area are selected for measuring effectiveness. It may involve following difficulties:
   1. Selected sample units may not be representative of whole group or area.
   2. Simple size may be very small in comparison to total number of actual buyers.
   3. The area selected as control area or test area may differ in terms of economic or demographic features.
   4. Selection of simple unit may be biased.

Issues in Advertising

The basic economic principles that guided the evolution of advertising also have social and legal effects. When they are violated, social issues arise and the government may take corrective measures. Society determines what is offensive, excessive, and irresponsible; government bodies determine what is deceptive and unfair. To be law-abiding, ethical, and socially responsible, as well as economically effective, advertisers must understand these issues.

Originally, advertising was created to help someone to sell something. That means the ultimate goal of advertising is to increase the advertiser's sales. However, in preparation for an advertising campaign, a more specific advertising goal is required to provide advertisers or advertising agencies a certain direction regarding how the campaign will be executed and how the campaign will be evaluated after the campaign period.

There are various aspects of advertising which can be sought as the effects of advertising on various fields:

1. Ethical Issues
2. Social Issues
3. Economic Issues
4. Legal Issues

We will discuss only ethical and social perspective

5.4 Ethical Issues in IMC

Ethics is a set of standards, or a code, or value system, worked out from human reason and experience, by which free human actions are determined as ultimately right or wrong, good or evil. **Ethics in advertising** put some moral and social responsibility on advertisers. The advertiser should not use excessive fear and sexual appeal, indecent language, excessive persuasion, false claims, baseless and misleading comparisons. The ads should not undermine the position of women, aged persons, should not pollute the thinking of children, should not promote the use of undesirable products like tobacco, alcohol, etc.

Ethics are moral principles and values that govern the actions and decisions of an individual or group. Many laws and regulations are put into forces that determine what is permissible in advertising. However, not every issue is controlled by rules. Marketers are often faced with decisions regarding the appropriateness of their actions which are based on an ethical consideration rather than what are within the law or industry guidelines. There is considerable overlap between what many consider to be ethical issues in advertising and the issues of manipulation, taste, and the effects of advertising on values and lifestyles. Certain actions may be within the law but still unethical. **For example,** Cigarette smoking has been shown to be associated with high levels of lung cancer and other respiratory tract diseases and many people would consider cigarette advertising as unethical.

In India, Advertising Standards Council of India (ASCI) enforces the ethical code for advertisers. The council is a non-profit organisation set-up by 43 founder members and has developed a regulating code. It proposes to adjudicate on whether an advertisement is offensive or not. The Council's decisions are binding on its members and in case; of any disputes, it proposes to deal with the government. Following are the main ethical effects/aspects of advertising are as follows:

Principles of Ethics in Advertising

The major principle to be discussed here are as follows:

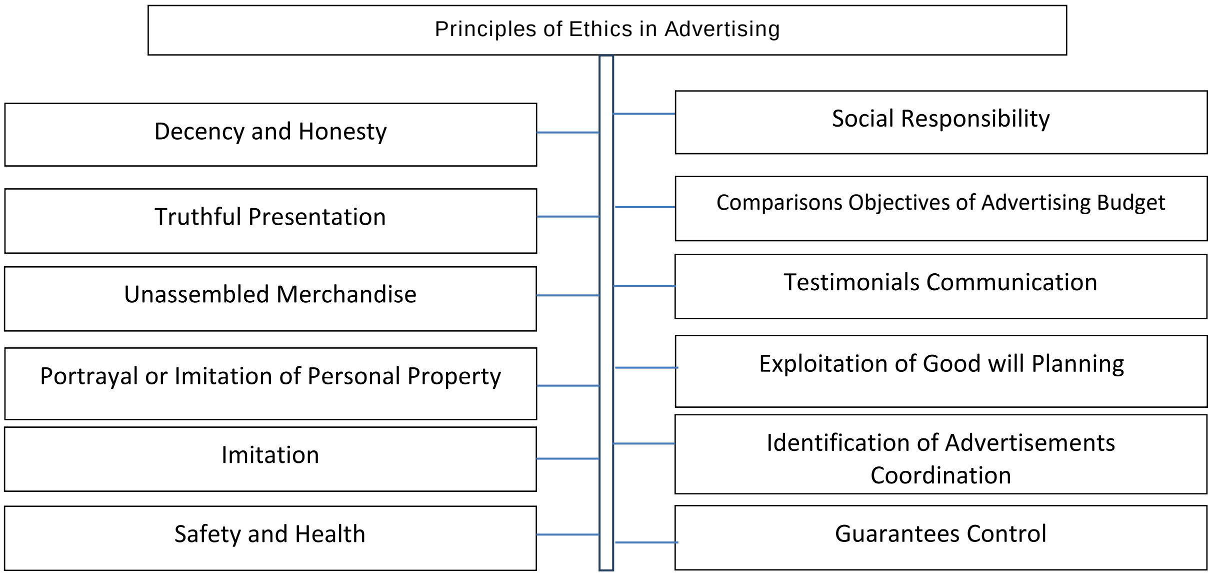

Figure 5.2: Principles of Ethics in Advertising

1. **Decency and Honesty:** Such visual displays and statements that could cause offense to the established decency standards should not be used in advertisements. The advertisements should be presented in such a manner that does not exploit the trust or the lack of knowledge or experience of the consumers. The quotations from different scientific and technical publications or findings of any research should also not be misused by the advertisements.
2. **Social Responsibility:** Any form of discrimination based on gender, race, nationality, age, religion, etc., should not be provoked by advertisements. They also should not trigger any sort of violence or take advantage of the fears or superstitions. Rather advertisements should uphold the human dignity and discourage any wrong and unlawful behaviour.
3. **Truthful Presentation:** Any visual display or statement that could directly or indirectly mislead the consumer should not be used in advertisements. Consumers should not be misled by the wrong information provided by the advertisements about the various characteristics of the

product like its nature, ingredients, date and process of manufacturing, performance, efficiency, usage, quantity, delivery systems, exchange and return policies, maintenance and repairs, terms of copyright, guarantee and trademarks, designs, etc. Use of such scientific terms and statistics that exaggerate or incorrectly validate the claims of the advertisements should be avoided.

4. **Comparisons:** Any comparisons made in the advertisements should strictly be in accordance with the principles of fair competition. They should not mislead the consumers. Facts and evidences that can be validated should be used to base those comparisons. There should not be any bias in the selection of the points of comparisons too.
5. **Unassembled Merchandise:** Complete information regarding the assembly of merchandise should be disclosed in the advertisements. **For example,** if full or partial assembly is required by any merchandise, then it should be properly mentioned in the advertisements in the form of 'not assembled' or 'limited assembly required.'
6. **Testimonials:** Only those endorsements or testimonials that are suitable, verifiable and authentic and rely on knowledge and personal experience should be used in advertisements. Also use of such endorsements and testimonials should be avoided that could either mislead the consumers or have become out-dated.
7. **Portrayal or Imitation of Personal Property:** Prior permission needs be obtained before portraying or referring to any person(s) in the advertisements, whether it is publicly or privately done. Also, if the advertisements refer to or portray any property of a person in the form of a personal endorsement, then it will also require a prior permission.
8. **Exploitation of Goodwill:** Goodwill of any other organisation or person should not be exploited by the advertisements. Advertisements should not take undue advantage of the initials, name, trademarks, logo or goodwill of any another organisation in their own favor. Also the use of goodwill earned by the advertising campaigns of other organisations should be avoided in advertisements.
9. **Imitation:** Any imitation of text, visuals, slogans, layout and music of other advertisements should not be used in advertisements. Such imitation is likely to confuse and mislead the customers. Also the unique advertising campaigns that have been established by advertisers in some nations should not be imitated by other advertisers and launched in those nations where the former advertisers may be operating.
10. **Identification of Advertisements:** An advertisement should like an advertisement irrespective of its form or medium used. Generally, in a particular media, different programmes like news or editorial matters are broadcasted; therefore, the advertisement should be able to differentiate itself.
11. **Safety and Health:** Any type of visuals or statements that promote unsafe practices or depict ignorance towards health and safety of human body should be avoided in advertisements.
12. **Guarantees:** Any such type of guarantee should not be referred to in any advertisement that do not give any additional rights to consumers other than those given by law. The terms such as guarantee, warranty, warranted or guaranteed should only be used in advertisements if the complete guarantee terms as well the remedial measures available to customers are either clearly defined in the ads or available in writing to the customer or come along with the products.

Unethical Practices in Advertising

There are many unethical practices that keep on associating with advertising in order to beat competition and gain larger market share and profit portion:

1. **Puffery:** The exaggerated promotional claims, statements and praises are referred to as puffery. It is a legal term that communicates very subjective opinions so that they are not taken in the literal sense by any person. Puffery is commonly used in advertisements, particularly in testimonials. **For example,** an advertisement of a company claiming that it sells the best blankets in the world. It is almost not possible to validate a puffery and reasonable consumers do not take such exaggerations seriously.
2. **Surrogate Advertising:** Surrogate advertising is a new form of promotional effort where the firm tries to sell a product in the disguise of a different product. The reason to employ surrogate advertising could vary. Either the firm is not able to sell a product in a legal way or the two products should be sold together. **For example,** in the advertisements of Bagpiper, the firm tries to sell whiskey in the disguise of soda. The slogan of Bagpiper ("KhoobJamega Rang, Jab Mil Baithenge Teen YaarAap ... Main, Aur Bagpiper") is also popular among the public and they know what the actual product is.
3. **Stereotyping:** It is the process of generalizing an individual based on the personality and quality possessed by most of the people of the group to which that individual belongs. Advertisements that use stereotyping depict an idealistic and heightened generalization of the truth. However, such advertisements are used as standards by most of the people in the cases of beauty and healthcare products. These results in such expectations and goals that cannot be achieved which in turn could present serious negative consequences. Taking the advertisements of different perfumes and deodorants as an example where women are stereotyped as sensual objects most of the time.
4. **Subliminal Advertising:** It is a form of advertising where hidden messages are inserted in the advertisements so that the viewers can process those unconsciously. Examples of this type of advertising can be in the form of hidden messages in a song played in a retail outlet or in a movie played in a cinema hall or even on televisions. Consumers are consciously unaware of such type of messages in the advertisements; however they can process those unconsciously. Advertisers use subliminal techniques to exploit our vulnerabilities that are there at the back of our minds and thereby control and manipulate us. Subliminal advertising is essentially a deceptive form of advertising. Unlike normal advertising, consumers here do not know if they should reject or accept the message in the ad as they do not observe those consciously.
5. **Advertising to Children:** Children attending pre-schools can be easily influenced by any advertisement. They tend to believe in almost all the things that they observe or hear but are not able to differentiate between reality and fantasy. They do not even possess much analytical experience or skills. Therefore, it is unethical for the advertisers to target these children through their ads. With the help of such ads, a fake desire is always created in the children for the products that they do not even have any knowledge about, such as vitamins. The advertisers are manipulating the children with these ads so that they could persuade their parents to purchase those products.

5.5 Social Issues in IMC

Modern advertising social relevance in the industrialist/capitalist system is to direct the desires of human beings, latent and expressed, and their needs, in such a way, as to ensure the continuation and expansion of sales of goods and services, so essential to sustain mass production by accumulated capital. Advertising is thus an integral component of the mass distribution system of industrial capitalism. In the process of bringing consumers in touch with products or services, advertising also helps to create new consumers. Thus, it is involved in the social production of consumers, on which industrial capitalism thrives. Advertising is thus not only a product of industrial capitalism, but also its promoter.

The source of controversy over advertising stems from the way it is used by advertisers. In accomplishing the sales or communication objectives of marketers, advertising influences social values, lifestyles, and society's tastes. It is criticized for being untruthful or deceptive, offensive or in bad taste and exploits vulnerable groups. It is generally agreed that advertising exerts a powerful social influence and is criticized for encouraging materialism in society. Advertising is blamed for manipulating consumers to buy things for which they have no real need, depicting stereotypes, and controlling the media.

Critics of advertising say that it should be used only to provide useful purchase related information to consumers such as price, product features, performance, etc. It should not attempt to persuade consumers by playing on their emotions, anxieties and psychological needs, such as self-esteem, status, being attractive, etc., thus fostering discontent and exploiting them to purchase products and services that they do not need.

Advertising gets criticized frequently, for both what it is and what it is not. Many of the criticisms focus on the style of advertising, saying it's deceptive or manipulative. Collectively we might refer to these as short-term manipulative arguments. Other criticisms focus on the social or environmental impact of advertising. These are long-term macro arguments.

Advertising is a social institution as it represents social life and living. It is so much a part of **our** social life that we breathe advertising like air. It is the warp and the woof of society. It is a great persuasive **factor.** It appeals, seeks favour by providing latest information. It is the chisel to shape our tastes and the pattern **to** mould our opinions. It is a guide and a friend on wise spending. It generates gainful employment **opportunities and** raises the standard of living. It reduces the tax burden for the citizens by raising the national income.

Positive Social Aspects of Advertising

Positive social effects of advertisements include

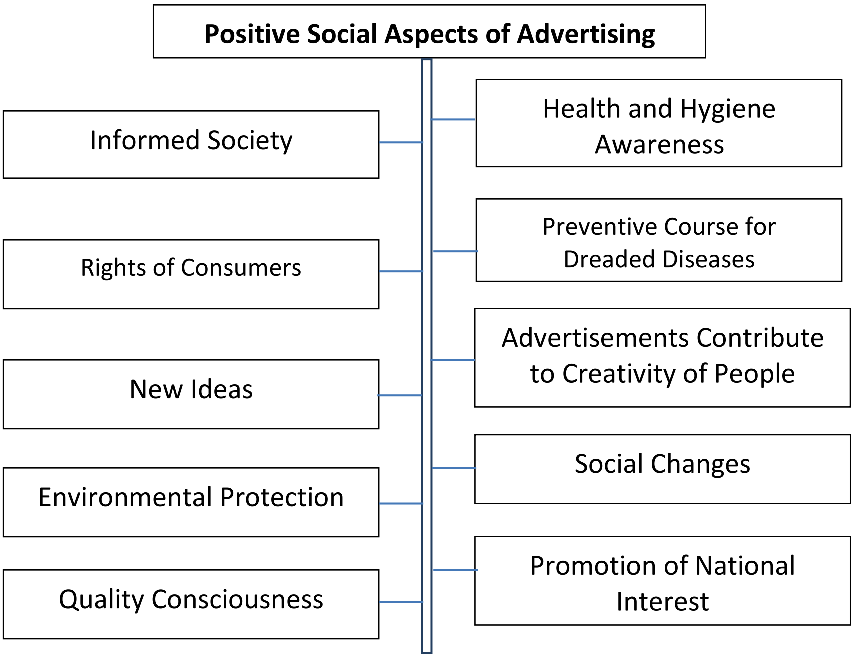

Figure 5.3: Positive social effects of advertisements

1. **Informed Society:** Through advertisements, the society is informed of various products, their uses, best bargains, safe handling of dangerous goods, effective use of scarce resources like petroleum and electricity, technological advances, etc., but for advertising, the society would have remained a less informed one.
2. **Health and Hygiene Awareness:** The advertisements on health drinks, toiletry products, sanitary ware and their installation, etc., make the people become aware of health and hygiene. Also advertisements on protected drinking water, effluent treatment, etc., help people to live better.
3. **Rights of Consumers:** The rights of consigners are made aware through advertisements only. The spread of consumerism and awareness of consumer rights are also due to advertisements.
4. **Preventive Course for Dreaded Diseases:** Dreaded diseases like AIDS are informed to the people as to their cause, spread and preventive measure against them.
5. **New Ideas:** Generally, people are traditional. They should be informed of the development of latest technology. Creative advertisements render an effective service here. **For example,** the sex of the newborn baby is determined by father's chromosome and not of the mother's. An effective advertisement would certainly help in dispelling the myth that it is the female who is responsible in sex determination of a new born.
6. **Advertisements Contribute to Creativity of People:** Look at certain advertisements. A bathroom can be a glamour-room is presented by the parry's sanitary ware. Perhaps, next to nature, the art of advertising is more creative is anybody's knowledge.
7. **Environmental Protection:** Environmental protection is the need of the hour. The brutal onslaught on nature by indiscriminate felling of trees, letting off untreated industrial effluents into the open, growing urbanization and consequent burgeoning urban slums, etc., are brought to the knowledge of people and awareness created against environmental degradation. **For example,** the Tamil Nadu Pollution Control Board has launched an effective

campaign highlight against the indiscriminate use and bring of plastics. Such messages are brought to the notice of people through advertising.

8. **Social Changes:** Social changes like accepting women as equals, empowerment of women, concern for the girl child curbs on female infanticide, developing public opinion against child labor, etc., are created through advertisements only.
9. **Quality Consciousness:** Concern for quality of a product, process, (or) even life, work, education and, investment etc., is promoted through advertisements.
10. **Promotion of National Interest:** National interest is promoted through advertisements as well. Complying with tax laws, complimenting export achievement, promotion of tourism, protection of monuments, creating political awareness of citizen, etc., are pursued through advertisements.

Negative Social Aspects of Mar Com

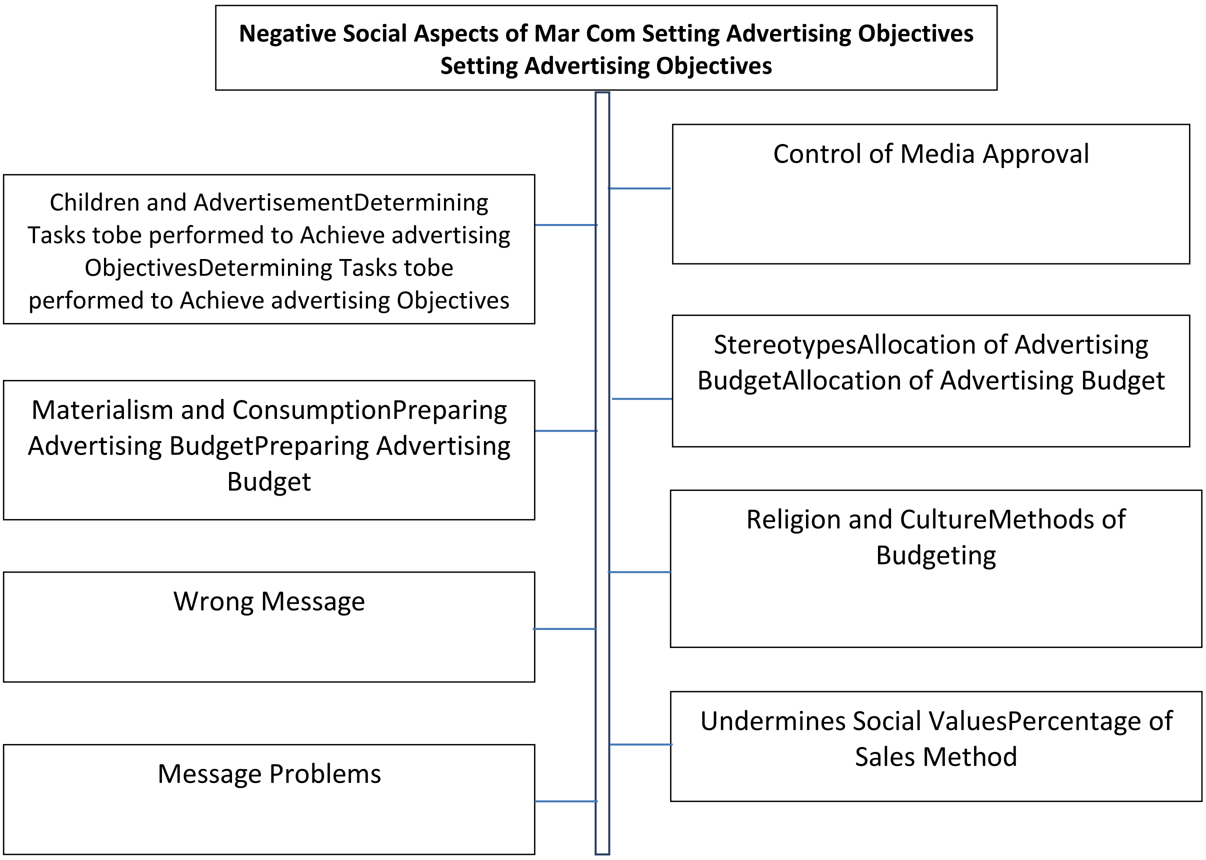

Figure 5.4: Negative Social Aspects of Mar Com

1. **Children and Advertisement:** According to the American Academy of Pediatrics, children under 8 are not able to understand advertisements as attempts to sell them products, and will accept any claims advertisements make without scrutiny. This makes them exceptionally vulnerable as targets of ads. The socially responsible move would be to target the advertisements at parents instead of directly to children. This will get knowledge of the product or service out without taking advantage of children's lack of defense.

2. **Control of Media:** Advertisers choose media to place ads in that they believe will attract their demographic. Additionally, advertisers are concerned about any content that may reflect poorly on their brand, such as questionable content. The media must cater to this concern because they are dependent on advertisers for revenue, which sometimes results in a subtle censorship of mass media. It can damage business to have ads associated with objectionable media, so make responsible choices in ad space so one would not have to pull ads from truly offensive media, while supporting freedom in the media.
3. **Materialism and Consumption:** Advertisements focus on materialism and consumption. Ideally, advertisements are meant to create demand for goods that may not be of any real value to the consumer. - Fast-food advertisements do not show any obese characters in their advertisement, but show young children having fun while eating as much fast food as they can. Childhood obesity and other diet-related complications are on the rise due to this. Advertisements promote materialism in several ways. The first is by creating new needs and desires among people. Advertisements also encourage people to compete with each other by purchasing more and better objects. Finally, advertisements often encourage consumers to replace their old possessions by purchasing the newest and best model.
4. **Stereotypes:** Advertising campaigns can promote stereotypes by portraying groups, such as women and minorities, in their traditional or stereotypical roles. Such stereotypes include linking specific groups to products, such as women with cleaning supplies and men with computers. These types of ads tend to foster generalized and often false beliefs about who members of these groups are and should be. The business advertisements can easily avoid the negative effect of promoting stereotypes by focusing on the positive qualities of the product.
5. **Wrong Message:** The use of subliminal advertising is becoming the vogue in advertising. One may spot an advertisement that is getting the message pout that drinking, no matter what age is, it will make look sexier. They even go out to show gorgeous models eying virile looking men who are imbibing on that particular brand of alcohol. This will have the effect of pushing the consumer to drink in the hopes of becoming like those virile men and turning the heads of every female in the establishment; a perception that quickly turns to disappointment.
6. **Religion and Culture:** Advertising also has negative effects on the values of society today. Religious and cultural values are being eroded by the type of advertisements that are on the air today. Advertisers have no regret about using sexual overtones as a way of promoting their products. Vulnerable groups such as children, minorities and the disadvantaged in society are being deluded by advertisements showing that they will "escape" from their predicament of they use a particular product or service.
7. **Message Problems:** Many consumers feel that they are in control of their decision on what to buy. With the methods being used by advertisers today, the consumer has no idea that this decision was made by the person who designed that particular advertisement, and that what they spend their money on is not necessarily what they would have bought had they not watched a particular advertisement.
8. 8) **Undermines Social Values:** Advertising degrades social and ethical values through indecent language and obscene photographs. Some advertisements promote and glorify lifestyles disapproved by society.**For example,** persons consuming alcohol and cigarettes are shown as bravo in advertisements. Some advertisements are bad in taste. **For example,** an

advertisement in which women are running after a person using a particular perfume.

Must Read

- Measuring integrated marketing communication available at https://www.researchgate.net
- Integrated marketing communications: How can we measure its effectiveness? Available at https://www.tandfonline.com

Assignment

- Visit the website of your favourite brand. Identify their mar com activities for the last five years. Do you think these were ethically and morally correct? Why, or why not?
- Identify two most recognized brands in the fragrance market. Trace their mar com activity on the web.

Review Questions

- Write a note on ethics and the various sources of ethics
- Write a note on personal ethics versus professional ethics.
- Delineate the various concerns that have been raised due to mar com. Which two of these are the most important accordingly to you and why?
- Write a note on how ethics impacts IMC.
- Critically discuss the statement 'There are various rules and regulations in place and ethics is just an overstatement as far as IMC is concerned.'
- Which is more important – personal ethics or professional ethics for mar com?
- 'Mar com is about the marketing strategies of companies. It does not influence lifestyle and general behavior in the society per se. 'Do you agree with the statement? Why, or why not?
- How do they compare at the macro and organizational levels of ethical behavior?

Block 3

Integrated Waste Management

Swachhta Action Plan

Mahatma Gandhi National Council of Rural Education

Department of Higher Education

Ministry of Human Resource Development, Government of India

Hyderabad - 500004

Contents

Chapter 1 Introduction

Introduction

In common understanding, any material that is unwanted or has outlived its usefulness is termed waste. All life forms generate; they consume natural resource to grow and reproduce, and in the process produce waste. This waste, however, in the natural world, breaks down to replenish the system. As human civilisations and systems grew more complex, the quantum of resources used and waste generated increased. This is especially true once human populations exploded with agriculture and the move from a nomadic to a settled lifestyle. However, at this point, waste generated continued to be organic and therefore biodegradable. The quantum of waste generated in crowded urban areas of the medieval world, however, was problematic. The disease burden in these societies was high due to unhygienic disposal of waste. However, it was with the industrial revolution and development of more complex *inorganic* materials, mass produced in factories, that waste truly became a problem.

Objectives of the Chapter

1. To understand the definition of 'waste'.
2. To get clear classification of different types of waste

1.1 Classification of Waste

According to the 1992 international treaty, The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, commonly referred to as the Basel Convention, defines "wastes" are substances or objects which are disposed of or are intended to be disposed of or are required to be disposed of by the provisions of national law. Waste covers a multitude of items – solid waste (plastic, paper, wood, thermacol, food, etc), sewage, industrial effluents, electronic waste, and even nuclear waste (spent nuclear material).

Proper disposal of waste requires that the waste be efficiently collected, transported, and disposed of. However, in today's world, with growing understanding of the environmental impacts of waste disposal, clearly just collection and dumping of waste is inadequate. Waste disposal must not just be efficient and cost effective in monetary terms but also in terms of sustainability and the impact on the environment. Clearly all waste cannot be handled and disposed of in the same manner. Management of waste depends, then, on the composition of the waste and how it interacts with the environment (such as does it dissolve in water or evaporate in the air with no side effects to life forms or the ecosystem).

Hence for proper disposal of waste, classifying the waste is essential. Waste can be classified according to physical, chemical, and biological properties as well as origin.

Origin of waste

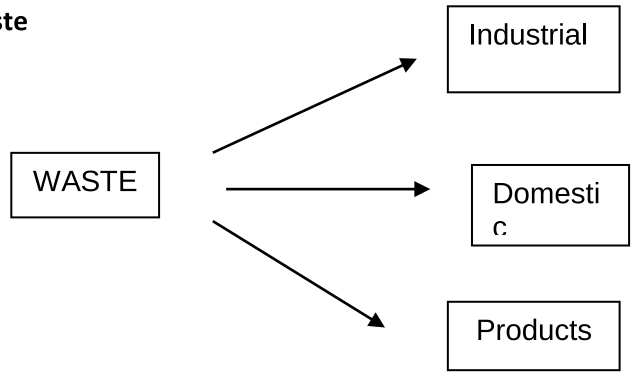

Fig 1.1: Waste classification based on origin

Classification based on Properties (physical, chemical, biological) disposal technologies

A more complex classification takes into account the properties of the waste, origin, and potential modes of disposal. The flowchart below provides an outline of this complexity.

Biodegradable waste – Organic waste such as food waste and sewage can be treated (composting, etc) by bacteria or other living organisms to be broken down without negative impact on the environment.

Non-biodegradable waste - Waste made of inorganic material and therefore cannot be broken down into harmless components by living organisms.

Hazardous waste – Some wastes can be dangerous for human health or to the environment. These need to be treated in specific ways to render them harmless or to reduce their impact. Some examples include nuclear waste, certain chemicals (mercury, pesticides, paints, solvents, electronics, etc).

Medical waste – This includes any waste that may be infectious of medical or laboratory origin such as discarded blood, microbiological cultures, any material that has been in touch with blood/body fluids.

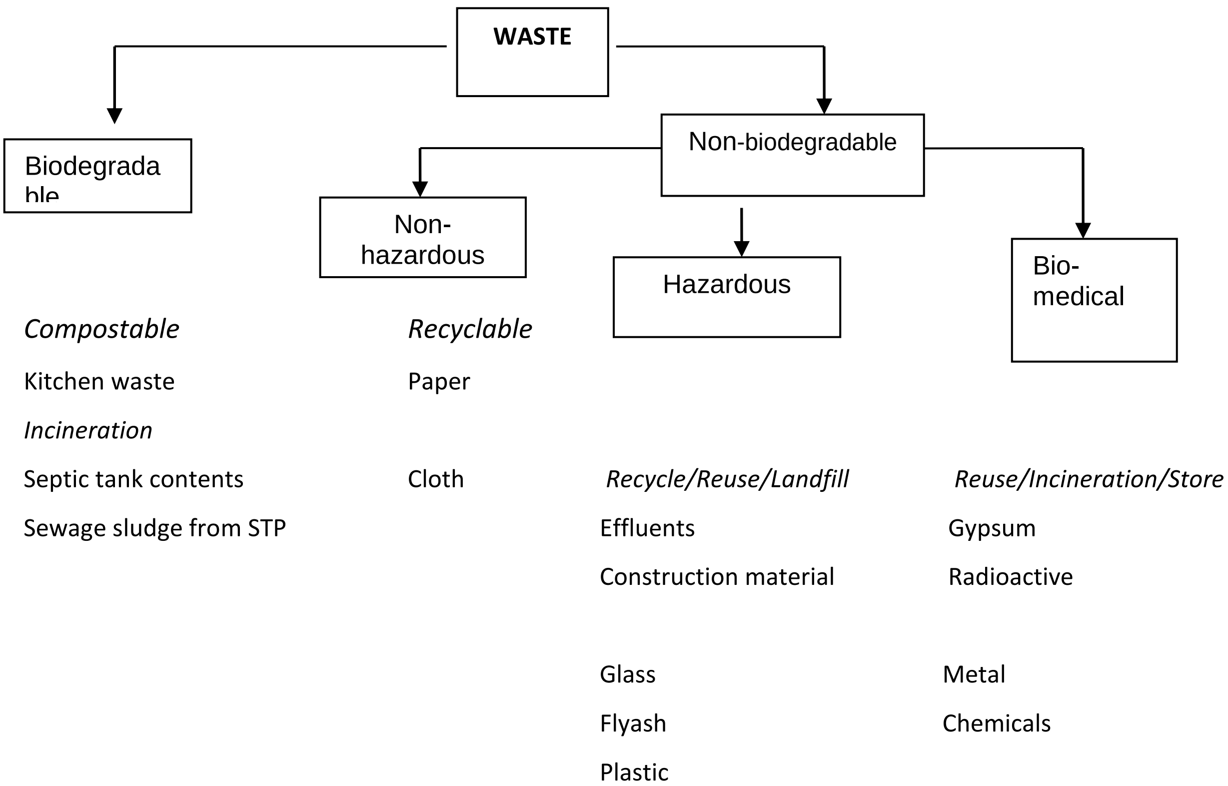

Fig 1.2: Classification of waste based on its characteristics

Waste can also be classified based on how the waste is treated.

Compostable – Waste such as food waste which can be composted and reused to enrich the soil.

Recyclable – Waste such as metal, glass, paper that can be.

Reuseable – Some waste can be repurposed so its life can be extended and the disposal of the waste can be delayed further. For example, plastic bottles may be creatively used to make planters to grow plants in.

1.2 Need for Integrated Waste Management

The world today being a complex place, each of us uses a range of products in our daily lives. Beyond the basic requirement of water and food and protection from the elements, humans use a lot of resources at any given time. For example, in a typical day, we use water, detergents, clothes, fuel in terms of electricity, LPG, petrol/diesel and therefore generate waste of various kinds.

Safe disposal of these wastes is a challenge. Take a look at the waste generated in your house in one day – plastics from packaging, kitchen waste, sewage, grey water (from bathing, washing clothes and utensils), paper, and of course pollutants from fuel burnt. You may also have medical waste from sanitary waste and from any medication being taken. Each of these require different modes of management, some of which can be done by individuals at a decentralized level but many wastes require more complex systems. Hence a seamless, integrated system that is capable of handling various types of waste is essential.

Integrated waste management is built on the principles of equity, effectiveness, efficiency, and sustainability.

Equity – Everyone has the right to access and to be served by a waste management system that does not compromise their health or the environment

Effectiveness – Waste collected is collected and disposed in a safe manner

Efficiency – A system that leverages the resources available (equipment, human resources, finances, etc) to handle the maximum amount of waste possible in the best possible way (for humans and the environment)

Sustainability – A sustainable system would be adapted to suit local conditions, be able to function in the long term using available resources and adapting to changing situations, and with no negative impact on the environment.

1.3 Current Practices in IWM in India

Waste management is one of the major environmental and public health issues facing India today. Our waste management practices continue to be largely ad hoc and unplanned. This is now being recognized as a looming crisis.

The title of this sub division is Current practices in Integrated Waste Management in India. However, this is misleading because by and large we do not have an IWM system in place in the country. Most cities, towns, and panchayats collect and dump their waste either in a designated dump within their boundary or just outside. There is little segregation of waste into compostable, recyclable, hazardous, etc. Large amounts of waste are dumped in water bodies (lakes, ponds, rivers, and the sea) impacting other species and the environment. This has also led to extreme pollution of the very water bodies from which we source water for drinking and other purposes.

For example, consider the city of Chennai. A metropolitan city of about 7 lakh people and growing, Chennai is drained by 2 rivers, an manmade canal, and several thousands of shallow lakes and of course has the sea on one side. All of these waterbodies are now polluted with domestic and industrial waste. These interconnected water bodies have raw sewage dumped in them along with industrial effluents. In addition, municipal solid waste (mixed waste as there is no source segregation and composting/recycling) is dumped in a marsh land (Pallikaranai) which is connected to the other water bodies listed earlier.

This is typical of most of India. In many places, a common practice is to burn inorganic waste leading to the release of harmful chemicals such as dioxins and furans. The health and environmental impact of these practices is yet to be assessed fully.

Legal measures
India has several laws connected to waste management.

Environment (Protection) Act, 1986 – This Act lays out standards to be adhered to by industries and other entities in terms of pollution, sets up the mechanism to monitor such companies/entities, how to handle hazardous materials, and the penalties for non-compliance. The Act also embodies the Polluter Pays Principle, holding the polluter responsible for any act of pollution, even if unforeseen, and requiring them to pay for any restoration of the environment that is deemed required.

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 – As the name indicates, these Rules regulate how hazardous waste is to be handled, transported, and disposed of. These are tied to the Basel Convention mentioned earlier, of which India is a signatory.

The Plastic Waste (Management and Handling) Rules, 2011 – These Rules regular the use, manufacture, recycling of plastics and has implications for the manufacturer, retailer, and user of plastics.

Bio-Medical Waste (Management and Handling) Rules, 1998 – Medical wastes are considered hazardous because of their potential to cause infections. These wastes cannot, therefore, be disposed of along with other municipal wastes. The Rules provide a framework for hospitals and other medical and veterinarian institutions to follow to properly dispose of their bio-medical wastes.

The E- Waste (Management and Handling) Rules, 2011 – Electronic wastes are a special category, a highly toxic category of waste. In addition to the growing amount of e-waste being generated in India (phones, computers, TVs, and other gadgets), a lot of e-waste is also illegally imported for recycling. Unfortunately, e-waste recycling is largely in the unorganised sector, done in unsafe conditions exposing people to hazardous chemicals in the process.

The Batteries (Management and Handling) Rules, 2001 – These Rules lay out the norms for disposal of lead acid batteries, another hazardous waste.

Water (Prevention and Control of Pollution) Act, 1974 – The Act aims to regulate water pollution in the country. It is under this act that the Central and State Pollution Control Boards are constituted. The Act also levies a cess on water usage by certain industries.

Municipal Solid Waste (Management and Handling) Rules, 2000 – These outline the specifications to be followed for collection, segregation, storage, transportation, processing and disposal of municipal solid waste.

1.4 Issues in Waste Management

The legislation on waste management in India is based on principles of sustainable development, polluter pays, and precaution. They require government agencies, commercial bodies, and citizens to be environmentally responsible in their waste management. In conjunction with the laws listed earlier, the Supreme Court of India has read Article 21 (Right to Life) of the Constitution of India to mean that every citizen has the right to a clean, safe environment.

Yet waste management continues to be a major challenge in India. The complexities of the waste stream, the poor enforcement of laws have incentivized ad hoc, unsafe waste management practices that are unsustainable. At every stage of waste management there are huge challenges. In simple terms waste needs to be sorted based on characteristics and treatment options; collected; transported; and finally treated and disposed of in a proper manner.

Sorting – Waste is generated at different levels – household, commercial and industrial. Each of these sources have a complex waste stream which needs to be characterized i.e the components needs to be understood and sorted into compostable/bio-degradable, recyclable, reuseable, hazardous and non-hazardous. Source segregation of waste therefore is a fundamental step in proper management.

Collection – Once sorted, waste needs to be collected. Recyclable waste like paper, glass, metal need to be collected from shops and houses, for example. These cannot be treated at the household or shop level.

Transportation –Waste that is collected from these varied sources mentioned (batteries, e-waste, paper, metal, plastics) need to be transported to the processing unit.

Treatment – Finally the waste needs to be processed to recycle as much as is possible and then to safely dispose of that which cannot be recycled.

While the law requires these steps to be taken, little is done on the ground. Most household waste is mixed and dumped officially and unofficially in water bodies or in open grounds. In urban areas, waste collection and disposal is often outsourced by the government agency to a private contractor. These agreements are typically based on tonnage of waste collected, i.e the contractor is paid for every ton of garbage collected and disposed. This disincentivises the contractor from composting, recycling the waste.

Industrial effluents are required to treated appropriately before being released into the environment. However, the laws are rarely enforced leading to rampant violations of the norms with raw effluent being directly let out into water bodies, on land, and into underground aquifers.

1.5 IWM Practices Globally

In the last 100 years, societies have shifted rapidly to a high carbon lifestyle, a lifestyle that requires us to maintain high levels of consumption. What this entails is the constant usage of resources and therefore constantly generating more waste, especially inorganic waste.

It is only in the last few years that there has been growing recognition of the fallout of such a lifestyle and the need to be more prudent with resource use. To tackle the issue of waste, countries and societies have looked to increase efficiency of collection, transportation, and processing of waste by setting in place large-scale systems based on technological solutions such as scientific landfills and waste to fuel especially in developed nations. However this has not required consumers to rethink their lifestyle and has only encouraged the generation of more waste.

Developing countries have similar stories to India; of poor waste management, high impact on public health and environment, poor enforcement of norms, etc.

Slowly, even in developed nations, there is recognition that fundamental lifestyle changes are required if the world is to not get buried in its own toxic waste. At a decentralized, individual and community level, people are looking to see how they can follow the three Rs - reduce, reuse, recycle. This, however, is not enough. Considering the complexity of the issue, solving the waste crisis will require concerted action by all stakeholders and at different levels.

Summary

Model Questions

1. What is meant by waste?

2. What are various types of wastes? How is waste classified?

3. What are the characteristics of an Integrated Waste Management System?

4. Why do we need an IWM System?

5. What are the laws governing waste management in India?

6. Name the major obstacles to sustainable waste management in India.

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Chapter 2 Stakeholders and Perspectives

Objectives

1. To understand that there are myriad approaches to IWM
2. There not one single perfect IWM system
3. What role do each stakeholder play in IWM

2.1 New Approaches in IWM (decentralization, lifecycle approach)

Traditionally waste management has meant collection and transportation of waste to a central processing unit. However, there is now a growing trend of moving towards decentralized systems. Many countries are trying to find the balance between the two. In decentralized systems, waste is managed at the local level – panchayat/village, district, municipality, or city. This, of course, reduces the cost of aggregation, transportation and investing in high end technologies and allows for local innovation. However, the negative can be that the lack of financial resources, small quantities of waste produced (relatively small) can result in ruling out expensive technologies that are built to cater to large quantities of waste and which may dispose of the waste in safer and more appropriate manners than what is done at the local level.

Ideally, societies need to find the balance between centralization and decentralization. This will depend on a number of things – population size, quantum of waste produced, types of waste produced, availability of space, finances, capacity of communities to handle waste, etc.

Lifecycle Approach

Lifecycle approach looks at waste through its entire lifecycle, from start to finish – an holistic approach. Think of any disposable item that you have used recently. Let us take a Styrofoam cup that you may have had a hot chai in and then thrown away. Your interaction with the cup may have been for all of 10 minutes as you drank your chai but the lifecycle of the cup is more complex. To make that cup or any product for that matter, raw materials were mined, processed, energy was used then the product was assembled, perhaps paints or other materials were coated on it. Finally the product was packed (likely in plastic which in itself had to go through the process mentioned) and transported (more fuel/energy used) to shops where it came to your hands. During this process, secondary products, machines etc were required and had to be assembled for the product, land and water and energy (electricity or other fuels) were consumed.

Once the product has been used, it is discarded and, in an ideal world, be reused/recycled depending on its characteristics. To do so again requires natural resources – land, water, energy.

A lifecycle approach looks at the impact of the product on the environment throughout the product's lifecycle. The aim is to reduce the overall environmental impact of the product across its lifecycle. This often involves trade-offs. Decreasing the environmental impact of a product in one stage, say production for example, could increase the environmental impact at a different stage. Understanding these and doing a cost-benefit analysis underpins the lifecycle approach.

2.2 Role of the Government in IWM

The government is entrusted with the task of setting norms for management of waste at every level. This, of course, it does through legislation. As mentioned earlier, India has several laws that relate to management of wastes and by and large they are considered to be fairly strong and good laws. However, it is in the implementation and enforcement of these laws that there continue to be major lacunae.

To ensure proper implementation of the laws, the government must put in place resources/systems to collect, transport, dispose of waste in an appropriate manner. For compostable waste, it must ensure dissemination of information, easy access to equipment and actively encourage citizens to follow through on this. In terms of hazardous waste, medical waste, construction debris, e-waste, again there needs to be dissemination of information, simple and effective collection and transportation systems and finally disposal using suitable technology. This setting up of an enabling environment is essential. Once an enabling environment for citizens and organizations to reduce waste generation, improve their recycling efforts, and manage any residual waste appropriately is in place, those managing the waste can take this forward and the government's role of handholding is reduced. This enabling environment could include appropriate information dissemination, financial assistance, access to technologies, collection/disposal systems, promotion of sustainable alternatives.

This is the proverbial carrot. The other side is the stick i.e enforcement of laws. The government must crack down on violations and violators as per the law and hold them accountable. For this there needs to be periodic checks/evaluations at various levels – panchayat, ward, municipality, city, state, and national and appropriate follow through action.

2.3 Role of Individuals, organizations

The Constitution of India enjoins every citizen to improve their scientific temper which means we should pursue scientific knowledge and use that knowledge to good purpose for the greater common good. To that end, in terms of waste management, it our duty to seeks ways and means to reduce the waste we generate, segregate our waste, compost organic waste, recycle what can be recycled, reuse waste, and finally dispose of the remaining waste in an appropriate manner.

There are easily available resources that can guide us through this process. If we wish to live sustainably, to leave a living planet for future generations, then it behooves us to manage our waste optimally.

Simple measures to be taken

1. Carry bags for shopping
2. Buy products with no packaging or little packaging; buy in shops that sell products in bulk
3. Request shops to take back and reuse packaging where possible
4. Evaluate if a product is essential before purchasing. Often we purchase things that we do not need and do not use
5. Buy quality products instead of cheap use and throw products

6. Minimise replacement of products such as phones, i.e do not upgrade your phone every year.
7. Compost kitchen waste
8. Reuse grey water for gardening; kitchen grey water can be reused in the bathroom.
9. Ensure rainwater harvesting systems are in place
10. Recycle materials
11. Switch from chemical detergents/soaps/shampoos etc to natural products (bioenzymes, traditional personal products, plant-based products)

Chapter 3 Approaches to Sustainable Waste Management

Introduction

Asia consists of over 40 countries and hosts 60% of the world's population (UNDESA, 2015). With the technological and economic development, together with the increasing number of population, Asia has encountered a wide range of problems that affect the quality of people's lives and the society. One of the most important concerns that grasped attention from both public and private sectors is waste management (World Bank, 1999). Since the world has turned its development regime by emphasizing more on wellness of the environment, governments have focus on finding solutions for sustainable waste management; however, giving higher priority to waste does not guarantee higher performance of waste management system.

Asia generates over 760,000 tons of waste a day (World Bank, 1999). In terms of management, solid waste streams should be characterized by their sources, types, generation rates, and composition. Generally, organic and compostable waste takes a major proportion in solid waste composition at 40% - 85%, whereas the remaining is recyclable and non-recyclable materials (World Bank, 1999 and 2012). Government authorities and private sector have successfully adopted and implemented a number of management methods in developed countries to deal with increasing amount of waste.

Major constraints that Asian countries encounter include financial, institutional, technology and market which may be due to lack of resources or knowledge. Therefore, this Chapter encapsulates waste management approach and techniques that can possibly be adopted for solid waste management in developing Asian countries specifically India.

Objectives of the Chapter

- To understand the different approaches of sustainable waste management from the perspective of operational process and the utilization of waste.
- To recognize the various sources of waste generation.
- To know about the different ways of collection, segregation, transfer and sorting of waste.
- To differentiate between organic and inorganic waste processing mechanisms.
- To understand the integrated mechanism of treatment, recovery and disposal of waste to achieve resource efficiency.

3.1 Approaches to Sustainable Waste Management

The human species is the only species on planet earth that generates waste. Therefore, it is imperative that humans also take initiatives to manage waste. The United Nations estimates that nearly 11.2 billions tonnes of solid waste is collected worldwide annually. Sustainable management of this waste presents not only a unique challenge but also a unique opportunity to reduce greenhouse gas emissions. There are various strategies in which solid waste can be disposed or managed. A waste management hierarchy has been proposed and is depicted below.

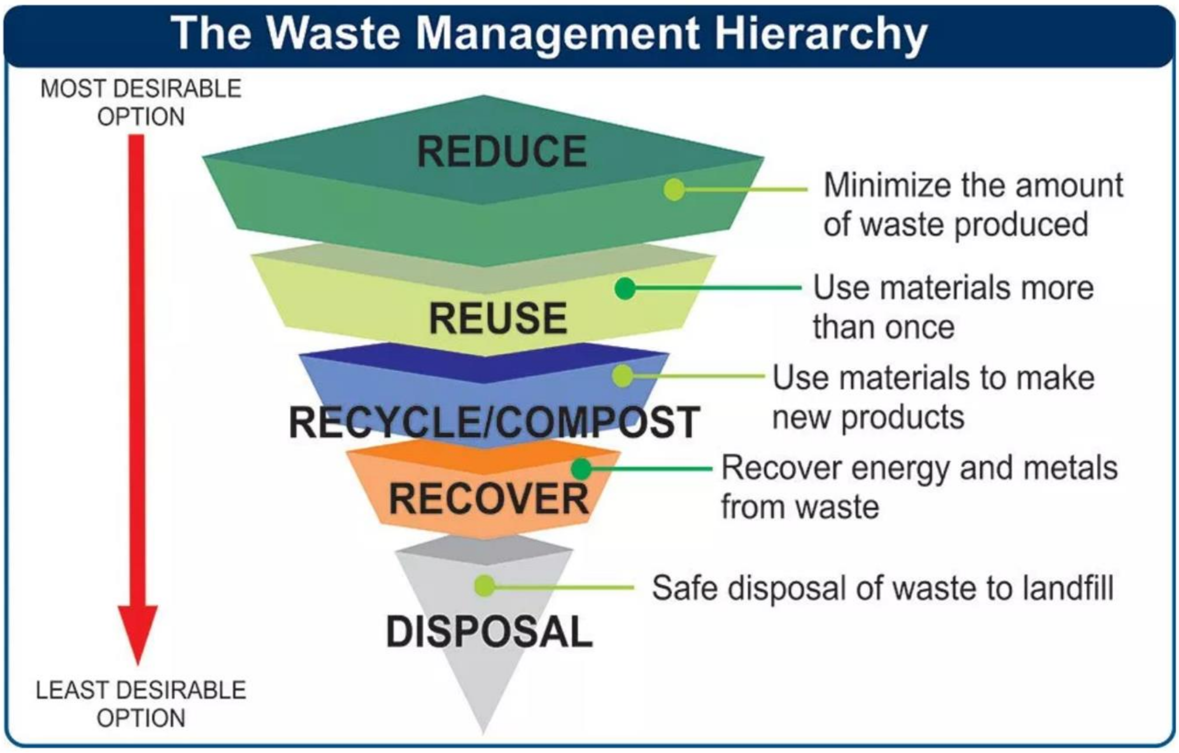

Figure 3.1 The Waste Management Hierarchy

(Adapted from US Green Building Council, West Michigan Chapter)

There are currently 15 to 20 million people working in the small scale "informal" waste sector worldwide. In terms of technologies for municipal solid waste management (SWM), they can be categorized into two broad management viewpoints.

1. The first viewpoint is operational process; considering from cradle to grave, these include the processes of waste generation at source, collection, transportation, treatment, and final disposal.

2. The other viewpoint relates to waste utilization. These processes include, for example, source separation, composting, recycling, or landfilling. The major essential processes required for effective waste management system are discussed below.

Composting

Composting is an effective method to utilize biodegradable waste. In composting, biodegradable materials break down through natural processes and produce humus by aerobic digestion using long-term aeration to stabilize and reduce the total mass of organic waste by biologically destroying volatile waste. In an aerobic system, the microorganisms access free gaseous oxygen directly from the surrounding atmosphere. During the decomposition process, enough heat is produced to kill harmful bacteria and pathogens within the pile. The heat also facilitates the growth of beneficial bacterial species.

Small scale composting can be done in the backyard of a residential household, or in a farm or community using the source separated organic fraction of domestic waste. Feedstock can be compostable materials like food waste, garden waste, animal or human manures. It can be carried out using various methods and materials, including compost bins, worm bins, and composting

toilets. There are three main types of composting techniques: windrow, static pile, and in-vessel (large scale composting).
For windrow, mixed waste is configured in long rows (windrows) that are aerated by convection air movement and diffusion, or by turning periodically through mechanical means to expose the organic matter to ambient oxygen. For static pile, a stationary waste mixture is aerated by a forced aeration system installed under the pile. For in-vessel composting, composting takes place in closed containers and the environmental conditions arecontrolled. Factors that can influence the composition and amount of waste stream are season and climate, regional differences, demography, state of the economy, and local source reduction and recycling programs. The end products of an aerobic process are primarily used as a soil amendment or mulch by farmers.

Advantages of composting include:

- Easy availability of resources or feedstocks from domestic or solid waste;
- Lower initial investment for starting up a new facility;
- Useful final product which is an easy technique to produce compost;
- Lower level of skill or expertise which is practical for small, community scale, or large scale composting facilities;
- Easy to use as soil amendments; and
- Less likely to cause environmental burdens comparing to untreated organic waste.

Nonetheless, there are also a number of concerns for implementing this method of waste utilization. The concerns are:

- Possibilities of contamination from infectious waste;
- Large amount of energy and time needed to aerate and turn the compost piles;
- From a business perspective, there is no reduction in carbon footprint;
- Dependence on seasonal temperature variations;
- Limited market if there is high level of contaminants; and
- High potential of foul odour and nuisance.

Recycling

Recycling has become one of the most economically feasible and environmentally sound techniques of waste management. In this process, waste is sorted out and then is recycled into new useful materials. Major types of recyclable waste are plastic, paper, ferrous and non-ferrous scrap. The process of waste recycling starts when waste pickers, waste collection staff, or residents take their collected recyclables to sell to junk shops. The shops either sell a large amount of waste to larger shops or to manufacturing companies. Then the companies turn this recyclable waste into raw materials by using various technologies. Small and medium size junk shops usually collect recyclable waste to some amount before bailing and transporting to larger shops or manufacturers (Figure 2.6). This process applies to all types of recyclables. For large size junk shops and manufacturers, several processes are added up to increase value to the recyclables or turn the recyclables into raw materials for manufacturing process. However, the processes and technologies are different depending on types of recyclables and final products.

There are a number of advantages with recycling in terms of raw material procurement and alternative energy generation which has led to increased attention from industry. These include:

- Environment protection and natural resource conservation by minimizing use of natural resources;

- Reduction in energy consumption as compared to raw material processing;
- Reduction in pollution as compared to discarding recyclable waste to other waste treatment methods such as landfilling or open dumping;
- Maximization of resource utilization;
- Expansion of landfill life due to recyclables going for recycling instead of landfilling; and
- A great source of income or saving comparing to buying or processing virgin materials.

Recycling, however, also has some disadvantages including:

- High initial investment due to required state-of-the-art technologies and facilities, skilful and qualified staff are needed to operate the facilities;
- A pollution control system is required to prevent contaminant and pollutant;

Therefore, responsible authorities or companies need to ensure that the selected recycling techniques are practically and economically feasible with the recyclable resources they are going to reprocess.

To Do Activity

Looking at the Gurugram's Solid Waste Management Plan vs Reality, and identify issues related to waste management in your area.

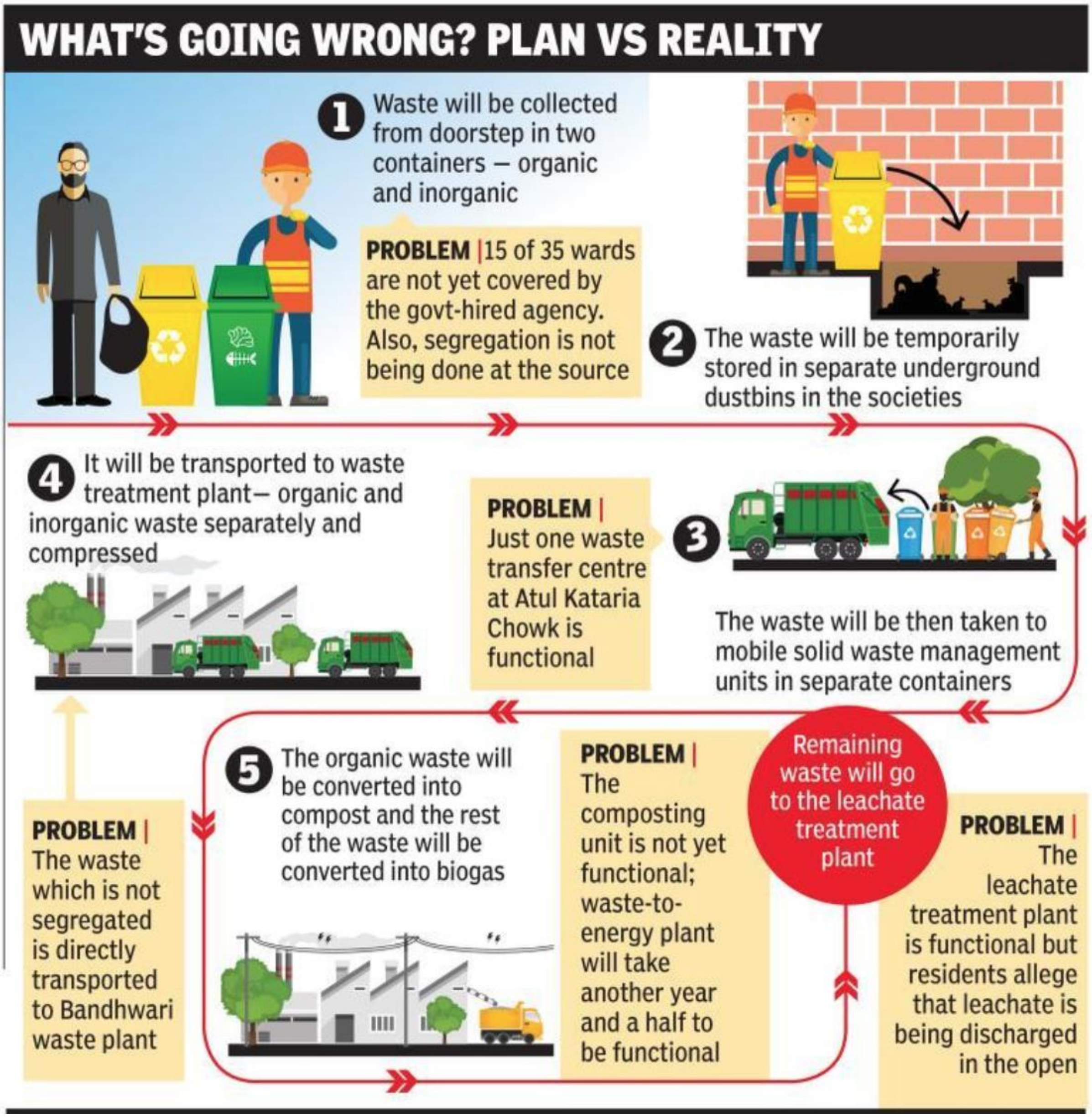

Figure 3.2 Gurugram's Solid Waste Management Plan vs Reality

(Source: https://timesofindia.indiatimes.com/city/gurgaon/how-city-went-back-on-its-waste-segregation-promise/articleshow/64938672.cms)

3.2 Waste Generation: Sources and Collection

All of us generate immense waste on day-to-day basis without being conscious of the neighbourhood and the escalation of the problem. Our daily dump includes plastic bottles, plastic/Styrofoam cups, plastic carry bags, metal cans, tetra packs, metal scraps and construction debris of all kinds.

Most of us do not realize that much of household waste is non-biodegradable. We generate and dump this waste along with the biodegradable waste without realizing the hazards this action poses. Non-biodegradable waste such as commonly used batteries, aerosols, bulbs, fluorescent tubes, polishes, adhesives, household cleaners, drain cleaners, solvents, broken thermometers, medicines, syringes, discarded wound dressings, surgical gloves, diapers, sanitary pads, etc. contain harmful chemicals and require careful, and often specialized, handling.

Solid waste management is a challenge in India because it requires commitment, and is time and resource intensive for local businesses, householders, and municipalities. A successful waste management strategy also requires well-planned collection and storage processes that can contribute to a more cost-efficient waste management system.

What do we mean by sources?

Sources of Waste

The solid waste includes the material of organic and inorganic in composition. The sources of waste can be identified on the basis of place of generation. The major classes are as follows:

a. Residential wastes refers from dwellings, apartments, societies etc, and consists of residual of food, vegetables, plastic, clothes, ashes, metals etc.

b. Commercial wastes are consisting residual of food, glasses, ashes, metals generated from hotels, markets, stores, garages etc.

c. Institutional generally have the combination of paper, plastic, glasses, packaging material, canes etc generated from public buildings, offices, collages, institutional and administrative buildings etc.

d. Municipal wastes consists dust, building debris, sludge, vegetables, park and garden wastes generated from construction and demolition, market places, street sweeping, gardens etc.

e. Industrial wastes includes the waste generated from industrial activities.

f. Agricultural consists mainly agricultural residuals, litter, food grains etc generated from fields, orchards etc.

What are the collection processes?

According to 2012 report by world bank, waste collection processes are inefficient and sporadic with overall collection below 50% (The World Bank) in low income countries (including India). Collection is the most expensive stage of the waste management process chain. As a result, collection services are mostly limited to areas of high visibility, such as the wealthy, and businesses that are willing to pay.

Waste collection can be through following three steps

1. Primary collection: In India, the system of primary collection of waste is practically non-existent, as the system of storage of waste at source is yet to be developed. Doorstep collection of waste from households, shops and establishments is insignificant and wherever it is introduced through private sweepers or departmentally, the system does not synchronize further with the facility of Waste Storage Deports and Transportation of Waste. The waste so stored is deposited on the streets or on the ground outside the dustbin. Thus streets are generally treated as receptacles of waste and the primary collection of waste is done, by and large, through street sweeping.

An appropriate system of primary collection of waste is to be so designed by the urban local bodies that it synchronizes with storage of waste at source as well as waste storage depots facility ensuring that the waste once collected reaches the processing or disposal site through a containerized system.

Local bodies should provide daily waste collection service to all households, shops and establishments for the collection of putrescible organic waste from the doorstep because of the hot climatic conditions in the country. This service must be regular and reliable. Recyclable material can be collected at longer regular intervals as may be convenient to the waste producer and the waste collector, as this waste does not normally decay and need not be collected daily. Domestic hazardous waste is produced occasionally. Such waste need not be collected from the doorstep. People could be advised or directed to deposit such waste in special bins kept in the city for disposal. The waste collection efficiency in India ranges between 70 and 90% in major Metro cities, whereas in several smaller cities it is below 50%.

2. Street Cleansing: The sweeping of streets is such a simple and humble occupation that it rarely attracts technical interest of the managers responsible for such activities. However, may cities spend between 30 to 50 percent of their solid waste budgets on street cleansing. It is a service for which a wide variety of tools, equipment and methods, both manual and mechanical, are available, and it is one in which there is often great scope for financial saving by the introducing of more efficient methods.

It has been estimated that the Urban Local Bodies (ULBs) spend about 60-70% of total expenditure on street sweeping, 20-30% on transportation, and less than 5% on final disposal of waste, which shows that hardly any attention is given to scientific disposal of waste. Inadequacy of transportation fleet, breakdown of the vehicles is the major hurdles in collection of garbage.

This is an area in which public relations are very important. Much of the work arises directly from shortcomings in public behaviour, such as throwing litter on the streets and open spaces. In some cities, however, a high proportion of street wastes arise from deficiencies in the refuse collection service as a result of which residents dispose of domestic and shop-wastes in the streets. The cost of removing wastes which have been scattered on the streets is very much higher than the cost of collecting similar wastes which have been placed in containers such as domestic wastes bins or litter containers.

The main source of wastes is litter thrown by pedestrians and hose or shopwastes swept or thrown out of private premises instead of being placed in the suitable container meant for the purpose. Human spittle and the excrement of domestic pets also fall into this category and together provide health risk, which arises from street wastes due to inhalation of dust contaminated by dried spittle and excrement.

Behavioural wastes are largely avoidable provided an efficient refuse collection service is in operation and litter bins are provided for the use of pedestrians. But success requires a continuing programme of public education and awareness backed up by legislation and rapidly operating enforcement procedures.

3. Waste Storage Depots: This is the third essential step for an appropriate Solid Waste Management System. All the waste collected through Primary Collection System, from the households, shops and establishments has to be taken to the processing or disposal site either directly necessitating a large fleet of vehicles and manpower or through cost effective systems which are designed to ensure that

all the waste collected from the sources of waste generation is temporarily stored at a common place called "Waste Storage Depots" and then transported in bulk to the processing or disposal sites. Such temporary arrangement for storage of waste is popularly known as dust bin, Dhalavs, etc. This facility has to be so designed that the system synchronized with the system of primary collected as well as transportation of waste.

The solid waste collected from the doorsteps or from the community bins through the primary collection system needs to be unloaded and stored at convenient places for its onward transportation in a cost-effective manner. Temporary waste storage depots which synchronize with primary collection and transportation system are, therefore, required to be located at suitable sites in lieu of open waste storage sites, and in replacement of cylindrical cement bins, masonry bins, Dhalavs, etc. In any case, manual handling of waste to be stopped or minimised to the extent feasible.

Table 3.1 Types of Waste Generators and Types of Solid Wastes

Source: **What A Waste: Solid Waste Management in Asia**. Hoornweg, Daniel with Laura Thomas. 1999. Working Paper Series Nr. 1. Urban Development Sector Unit. East Asia and Pacific Region. Page 5.

Source	Typical waste generators	Types of solid wastes
Residential	Single and multifamily dwellings	Food wastes, paper, cardboard, plastics, textiles, leather, yard wastes, wood, glass, metals, ashes, special wastes (e.g., bulky items, consumer electronics, white goods, batteries, oil, tires), and household hazardous wastes.).
Industrial	Light and heavy manufacturing, fabrication, construction sites, power and chemical plants.	Housekeeping wastes, packaging, food wastes, construction and demolition materials, hazardous wastes, ashes, special wastes.
Commercial	Stores, hotels, restaurants, markets, office buildings, etc.	Paper, cardboard, plastics, wood, food wastes, glass, metals, special wastes, hazardous wastes.
Institutional	Schools, hospitals, prisons, government centers.	Same as commercial.
Construction and demolition	New construction sites, road repair, renovation sites, demolition of buildings	Wood, steel, concrete, dirt, etc.
Municipal services	Street cleaning, landscaping, parks, beaches, other recreational areas, water and wastewater treatment plants.	Street sweepings; landscape and tree trimmings; general wastes from parks, beaches, and other recreational areas; sludge.
Process (manufacturing, etc.)	Heavy and light manufacturing, refineries, chemical plants, power plants, mineral extraction and processing.	Industrial process wastes, scrap materials, off-specification products, slay, tailings.
Agriculture	Crops, orchards, vineyards, dairies, feedlots, farms.	Spoiled food wastes, agricultural wastes, hazardous wastes (e.g., pesticides).

To Do Activity:

Survey Based Project: Finding out the average waste generated per day at home. Extend the estimation to waste generated by the Chapter, village, district, etc.

3.3: Ways of Collection, Segregation, Transfer, and Sorting of Waste

There are different types of waste collection systems. Each type of collection depends on different factors including settlement geography, types and quantity of waste, availability of management resources, and waste management policies. The frequency of collection is ultimately dependent on local needs and performance of existing services. The collection system should be based on objectives, capacity, and conditions of each municipality.

- Communal collection: this method uses large communal storage sites as locations to collect and pickup waste. Despite its inexpensive and simple solution, this method always fails because the demand placed on the generator goes beyond capacity to cooperate. For example, waste has to be manually removed by rake, shovel, and basket, which is a relatively slow process causing non-productive collection as there is excessive waiting time for trucks to load the waste.

- Curbside collection: the collection requires a regular frequency and a precise schedule, for optimal efficiency and convenience. Residents are responsible for placing and returning empty containers. The method is one of the least expensive methods of house-to-house collection.

- Block collection: collection trucks stop at intersections and the residents take their waste to the staff to empty. The residents are responsible for returning the container. The full containers are brought or set at the collection site by collection staff.

- Door-to-door collection: waste collection staff enters household premises, carry waste containers to collection trucks, empty them, and return to the place. It is the method that residents do not get involved. The method is costly in terms of labor cost, due to time spent on collecting waste for each household.

The frequency of collection depends on the quantity of solid waste, time of year, socioeconomic status of serviced area, and performance of responsible parties, namely municipality or waste management contracted companies. In urban or public areas, waste from markets, hotels and restaurants should be collected more often; whereas in residential or rural areas, frequency of waste collection should be the maximum permitted interval.

During the collection process, waste bins or receptacles should be either emptied directly into the garbage truck or replaced with a clean container. Bin-to-bin waste transfer causes spilling, resulting in ground pollution and attraction of flies. Collection trucks directly load waste with lifting and carrying of container; roll of loaded containers on their rims; use small lifts for rolling the containers; or use of large containers into which wastes from small containers are emptied. The collection trucks should be covered and able to compact the collected waste. The storage areas in collection truck should be relatively kept clean and watertight. Apart from collection trucks, collection equipment includes special waste containers, waste pick-up equipment, replacement containers, and sweeps.

Labor requirements depend on the type of service provided and the collection system used. For stationary container system and hauled container system, two to three staffs are needed as one or two staff is responsible for loading and unloading waste bins, and a driver to drive the truck. Occasionally, a driver and two helpers are used. For manually loaded systems the number of collectors varies from one to three, depending on types of service and types of collection equipment.

Practically, curbside collection is widely employed throughout cities in Asia. Still, this waste management process is ineffective in many areas due to countless reasons. As mentioned before, the effectiveness of this process depends on availability of waste collection and equipment, frequency of collection, and appropriateness of allocated waste collection staff. Accordingly, authorities have to ensure that waste collection management process is well planned and fully equipped with required resources.

Transportation

Waste transportation efficiency depends on how effective waste has been collected. Haul distance to the disposal facility is a major concern and must be taken into consideration. If the disposal sites are located at significant distance from points of collection, establishing transfer stations is desirable. These transfer stations will be employed as central sites where collection trucks dump collected waste and reload the waste into large trailers. In urbanized areas, it is more economical to reduce the haul distance by providing large, specially designed trailers at transfer stations. In rural areas, container stations are considered as central locations. Having transfer stations in transportation process helps in reducing the cost of transporting waste by reducing number of required staff and total hauling kilometers. The stations should be located at the center of the collection service areas. Facilities and machines that should be available at the stations are weighing scales, stationary compactors, recycling bins, material recovery facility, forklift trucks, transfer containers and trailers, transfer packer trailers, or mobile equipment.

Cities in Asia manage waste transportation by employing so called transfer station. However, in real situation, the station may not be suitably designed. In some cities, waste is dumped with improper management, which makes the station look like open dumping site. This is either because the hauling distance to disposal site is located far away from the station or the poor management system.

It is possible that there may be a number of transfer stations distributed around an urban town. As a result, waste may need to collected from all these stations as well as directly from some businesses and institutions and then transported to a final treatment or disposal site usually situated at the end of town. It is important to plan the routes for the waste collection to make the best use of the resources available. This keeps costs down and gives people the best-possible service.

Segregation and Sorting

Waste sorting is the process by which waste is separated into different elements. This can bedone manually at the household and collected through curbside collection schemes, or automatically separated in materials recovery facilities or mechanical biological treatment systems.

Waste segregation means dividing waste into dry and wet. Dry waste includes wood and related products, metals and glass. Wet waste typically refers to organic waste usually generated by eating establishments and are heavy in weight due to dampness. Waste can also be segregated on the basis of being biodegradable or non-biodegradable.

Segregated waste collection from households is the key to reducing landfilling. Segregation ensures maximum recycling and treatment at the local level. The emphasis here should be paid on initiatives that have strengthened the door to door collection system and have involved informal sector/waste pickers and citizen groups to collect segregated waste.

While manual segregation is still very much a technique used in the modern world, a number of automated techniques have also become available. These include:

1. Trommel separators/drum screens: These work by separating materials based on their particle size. Waste is fed into a large rotating drum which is perforated with holes of a certain size. Materials smaller than the size of the holes will be able to drop through, but larger particles will remain in the drum.

2. Eddy current separator: This method is specifically useful for the separation of metals. Put simply, an eddy current separator is an electromagnetic way of dividing ferrous (magnetic) and non-ferrous (non-magnetic) metals.

3. Induction sorting: Material is sent along a conveyor belt with a series of sensors underneath. These sensors locate different types of metal which are then separated by a system of fast air jets that are linked to the sensors.

4. Near infrared sensors: Illumination of material leads to reflection of light in the near infrared wavelength spectrum. The near infrared sensor can distinguish between different materials based on the way they reflect light.

5. X-ray technology: X-rays can distinguish between different types of waste based on their density.

Case Study of Kamikatsu, Japan - where waste is segregated into 34 categories at the Zero-waste centre.
Kamikatsu Town is located in the central part of Tokushima Prefecture on Shikoku Island. It is a small town surrounded by mountains and is blessed with a rich natural environment. In the spring, Japanese plum, peach and cherry trees bloom beautifully, and coloured autumnal leaves cover the valleys in the fall. Terraced paddy fields that contour the Kashihara district offer exquisite views. However, the town is faced with problems; it is becoming depopulated, with a population decline to one-third from 6,200 in 1955 to 2,100 in 2005. Kamikatsu is also the most rapidly-aging town in Tokushima Prefecture, with more than 45% of the current population aged 65 or older. Against this background, the town has made a “Zero Waste Declaration” aiming to reduce the amount of waste

incinerated or landfilled to zero by 2020 and has started efforts to sort waste into 34 categories at waste collection points. The town launched recycling activities under the slogan of reducing waste by recycling, not incineration, and worked to find recipients for each recyclable item. As a result, the town has decided to sort waste into 34 categories. In Kamikatsu Town, waste traditionally had been burned in fields. The first measure the town took for proper waste treatment was to compost kitchen garbage. The municipality was among the first to introduce a subsidy system to purchase garbage composters, so that kitchen garbage could be treated at each household. In consequence, composters are now used by 98% of all households in the town, effectively bringing the collection of garbage by the municipality to an end. The town also incorporates these efforts toward Zero Waste into local revitalization, which has attracted attention from all over the country. The town is visited by many observers and reports frequently appear in the media. The efforts toward Zero Waste are contributing to enhancing the town's image, and adding value to its agricultural products.

The thirty-four categories in which the waste is segregated are as follows

- 1st is aluminium cans recycled to aluminium cans.
- 2nd is the steel cans.
- 3rd is spraying cans.
- 4th is the metal caps -The metal items are recycled and sold as metals. 48 tonnes of total metals sold in 2014 by the total population of Kamikatsu which was approximately 1700.
- 5th is clear glass bottles.
- 6th is white glass bottles which is melted.
- 7th is the big bottle like the sake bottles which is washed and reused.
- 8th is other color bottles are separated as per colors and they are melted and recycled.
- 9th includes glass caps or mirrors or ceramics or window glasses (not the bottles but the rest) Its crushed and downcycled and used in construction material. This process comes with a cost so the Town governing organization has to pay for this as using new material is cheap compared to reprocess expense.
- 10th Batteries - It is one of the most expensive and hazardous recycling materials. Metal is again used and the chemical is taken out. Solution is to use rechargeable batteries.
- 11th, 12th and 13th are around the Light bulbs category- They separate the metal part so they are not together with glass. Use high quality LED instead and they consume less electricity compared to the regular light bulbs. Includes tube-light.
- 14th is broken light bulbs.

- 15th is the clean white plastic trays. other colors come in a different category. They are recycled. Better not to buy products coming in plastic packaging. Use your own box, for buying veggies, breads, meats.

- 16th is old clothing and curtains Kamikatsu has its Kurukuru craft center and Kurukuru shops where the fabric and accessories are upcycled to new products. So basically people in Kamikatsu can bring in whatever they don't use anymore to the shop and then leave it there. Then whoever comes to the shop can take it for free if you want it. You have to mention the kilogram weight of clothes taken or given, so that we know what is the quantity of waste created in city.

- 17th is paper packs for milk, juices and alcohol in Japan. Recycled as paper packs, wash it before giving at center.

- 18th Brown card board - recycled as card board and gets sold.

- 19th is newspaper - recycled and sold back as paper for newspaper.

- 20th magazines and small piece of paper - As magazine pages are glued together, they cant be recycled to same quality material but it is downcycled as a lower quality paper.

- 21st is wooden chopsticks. Some of the wooden chopsticks are brought into the paper companies to be made into paper from the wood. Rest is used as fire source.

- 22nd is PET plastic bottles. It cost a lot of energy for the recycling and the plastic can be only recycled once it's cleaned. Alternative is biodegradable plastic. It can be composted though it takes longer than other organic material but atleast is not a hazard.

- 23rd is The cap of the plastic bottles, which is recycled.

- 24th is lighter. They are reusable - metal part can be sold & the plastic one is reused.

- 25th is mattress and carpets. Sleeping carpets or the mattress or normal carpets. It is difficult to recycle with all those plastic and chemicals used to fuse the material together. Buy carpets which are made from recycled materials.

- 26th is paper nappies/diapers both for the babies and adults. They get incinerated, get burnt separately. There is a technology of separating the materials and downcycle the paper and plastic part. But the expense involves make sense for a bigger population. Kamikatsu is producing energy through incineration. G diapers have reusable outside diaper and flush-able inside.

- 27th is used kitchen oil. and the plastic bottle which comes as container. Buy in your pot. And try to reuse the oil more than once in cooking. The used oil is reused in fertilizer.

- 28th is plastic packaging which is recycled if it is clean.
- 29th is anything which has no alternative but burnt. Gum product. Lasers. Gum boots, bags, shoes. incineration temp is very high and it burns everything. Ash goes as landfill.
- 30th is all tires. People who bring tires are charged a fee so that the tires are sent to car dealers. Normally in Japan tires are collected by car factories or the car dealers then they alone are responsible for like recycling or dealing with the waste.
- 31 is leisure sized waste. Furniture, desks, big things are collected with a fee. They are sorted based on material. Recycled if wood, sold if metals, etc. Most of the things are re-used by other people.
- 32 is the electric products like refrigerators, ACs or washing machines. Giving them away comes with a fee because it gets collected by the producers but we need to pay for the collection.Most of the new ones produced are not that harmful.
- 33 is organic wast/ food waste - they have two options, either buy a composting machine or put your organic waste into your own farms or the gardens. People who bring the thrashed down product doesn't smell bad and within 2-3 days it becomes perfect soil.
- 34th is a kind of plastics or the bottles for the agriculture, which carries the greenhouse gas and agriculture chemicals.

Figure 3.3 Waste Generation Chart

(Source: https://saiorchards.blogspot.com/2018/04/waste-segregation.html)

3.4 Organic and Inorganic Waste Processing

Before going into the details of processing of different types of waste, it is important to understand the difference between organic and inorganic waste. In simple terms, organic waste contains carbon, while inorganic waste does not contain carbon. In general organic waste consists of plant and vegetable matter of natural origin that is biodegradable including food, wood etc. Whereas inorganic waste consists of non-plant or vegetable matter that is non-biodegradable and not of biological origin such as plastics, metals, synthetic fibers etc.

Processing of Organic Waste

There are several ways of processing organic waste. Some of them include:

1. Controlled incineration / thermal treatment. This can be performed either locally or waste can be exported for treatment by incineration at overseas approved facilities.
2. Land filling
3. Composting
4. Biological treatment – technology that is intended primarily for treating polluted soils and sludge.

Each of these various techniques has different advantages and disadvantages such as amount of land needed for processing, odour emitted, environmental impact, amount of investment required etc. These are compared in the figure below.

More recently, additional uses of the by-products of the waste processing methods have emerged which have led to increased economic appeal of these techniques as well as have led to decreased environmental impact and carbon footprint. Some of the examples of this include use of incineration ash in construction material, production and utilization of biogas which is a by-product of biological digestion as a renewable source of energy as well as utilization of compost for growth of organic products. The growth of innovative applications of these by-products have been rapidly increasing. Eventually, the goal of sustainable waste management is to establish a closed loop of waste processing i.e. a cradle-to-cradle approach which leads to the re-utilization of waste products such as by recycling rather than a cradle-to-grave process in which the waste products remain unutilized and end up in landfills.

An upcoming method of organic waste management is the incorporation of food scraps at wastewater treatment facilities. This has been proposed as the future of tackling the problem of food waste as it combines solid waste and wastewater into a single resource recovery option. Additionally, since this uses the existing infrastructure that already exists for wastewater processing and brings in new money for the city by generating energy, it is actually a cost-negative approach towards waste management.

Table 3.2 Comparative Analysis of Treatment Technologies for Organic Waste

Comparative Analysis of Treatment Technologies for Organic Waste

	Land Usage	Odours	Environmental Impact	Investment	Technical Difficulty
Land Filling	High	High	High	Medium / Low	Low
Composting	Medium	High	High	Low	Low
Anaerobic Digestion (AD)	Low	Low	Low	Medium	Medium
Incineration	Low	Low	Medium High	High	High

Treatment of inorganic waste

Inorganic waste management produces special challenges as this type of waste can be toxic and/or non-biodegradable. Many of these wastes can be hazardous to life and environment. As a result, it is important to first detoxify these wastes for their safe disposal. Open burning of inorganic wastes such as plastics is prohibited since it releases toxic and potentially cancer-causing chemicals in the air. Inorganic waste, therefore, is treated using various chemical methods, such as: neutralization, detoxification and recycling. Waste that has high ammonia concentrations undergoes an ammonia removal process. Many places have special regulations that require proper disposal of these wastes. Inorganic waste is treated using a modern technology of stabilization / solidification before removal to our landfill in accordance with the European directive. After the process of solidification / stabilization, the solid waste is transferred for disposal in controlled, sealed landfills.

Processing of a few of the inorganic waste materials is discussed below:

1. Paper and Cardboard – These are one of the most common inorganic wastes. They have the potential of reuse and recycling. Many companies offer services dedicated to reusing paper and cardboard to minimize waste.

2. Plastics – Plastic is an inorganic waste for which recycling is aimed at direct reuse, use as a raw material for manufacturing new products or conversion into fuel or chemical products. Its recovery is considered very important from an environmental view point since plastics are non-biodegradable and can remain in the same state for hundreds of years if not recycled or reused.

3. Metals – Metals such as iron and steel are fully recyclable and can be reused an unlimited number

of times. Recycling of scraps metals, therefore, drastically helps reduce air and water pollution.

4. Construction and demolition waste – Construction and demolition waste is generated during civil and residential construction processes. There are treatment and classification plans which process these types of waste for reuse on new work projects.

5. Tyres – Used tyres can be reconverted into shoes, artificial grass, gloves or even reused as tyres. Many countries have laws requiring tyres to be recycled in order to minimise their environmental impact.

6. Sludge - Sludge is a mixture of earth and water mixed with other waste generated during various industrial processes and water treatment. This requires proper transportation so that it can eventually be treated in the agricultural sector.

7. Fabrics - Certain manufacturing processes generate fabric waste stemming from industrial activity. Appropriate processing of these fabrics is essential in order to avoid this material from ending up at landfill sites.

Inorganic wastewater treatment options

Treatment of industrial wastewater presents a unique challenge since a plethora of contaminants may be present in industrial wastewater. This may require a variety of treatment solutions ranging from as a simple as settling or filtration to as complex as multistage chemical precipitation or ion exchange. Many of these technologies continue to evolve, making the selection of best technology quite challenging. Typical parameters requiring treatment in industrial wastewater include suspended solids, dissolved metals, nitrate, ammonia, arsenic, and sulfate. In addition, some other emerging contaminants of concern include chemicals like methylercury, radon, cobalt, molybdenum, strontium, tellurium and vanadium. The treatment technologies for wastewater can be broadly separated into 3 main categories:

1. Physical treatment - Physical processes include clarification, filtration, and membrane technologies. Except for the most rigorous membrane process (reverse osmosis), physical processes will generally not remove dissolved contaminants.

2. Chemical treatment - Chemical treatment processes include hydroxide precipitation, sulfide precipitation, oxidation/reduction, ion exchange, and natural zeolites.

3. Biological Treatment - Biological treatment processes include attached growth, suspended growth, and membrane bioreactors. Attached growth processes are most common, but membrane bioreactors are a growing application. Biological treatment can be used to remove ammonia, nitrate, selenium, sulfate, and dissolved metals.

3.5 Integrated Mechanism of Treatment, Recovery and Disposal of Waste, with Emphasis on Resource Efficiency

There are varieties of waste treatment options used in SWM. Disposal of solid waste has to be accomplished without (or at the minimum) creation of nuisance, health hazards, and adverse socio-economic problems in order to fulfill the objectives of SWM system. Depending on available management resources and quantity of waste, waste treatment methods that have widely been adopted in the management processes are: landfill, incineration, and open dumping.

Incineration

Incineration is a process of burning combustible components materials. Generally, this method is operated under two systems namely open or closed systems. In the open system, waste is incinerated in a chamber open to the air, whereas the closed system contains a special chamber designed with various parts to facilitate incineration. Incinerators in both systems require a chimney of appropriate height to provide a good flow of air through the combustion chamber. Sizes of incinerators can be varied depending on waste volume to be incinerated. Getting a proper site as a location for incineration can be burdensome. To have a proper management, skilled staff are highly important for operation and maintenance the system.

Benefits of incineration technology are:

- It requires less land for operating process;
- After treated residue is free of organic materials and nuisance; and
- It provides opportunities of energy generation.

In terms of disadvantages, there are several points of concern:

- Incineration needs high initial cost for investment;
- Only combustible materials are incinerated, therefore, a need for separation of the waste into combustible and non-combustible is required; and
- The non-combustible waste needs separate disposal.

Sanitary landfill

Sanitary landfill is one of the most widely used methods of waste disposal. A properly operated sanitary landfill eliminates insects, rodents, hazards, fire, and other problems existing in open dumping. The method can be used in any community where sufficient suitable land is available. The method consists of four steps: to deposit of waste in a planned and controlled manner; to compact waste in thin layers to reduce volume; to cover waste with a layer of soil; and to compact the top surface with soil. In most cases, the method has proved to be the answer for safe and economical solid waste disposal. Site selection for sanitary landfills is based on hauling distance from waste collection points or transfer stations; availability of suitable access roads; type of soil for covering; groundwater level; traffic situation; drainage channels; available land areas; geologic and hydrologic condition; surface water hydrology; local climatic condition, and local environmental condition. In addition, decomposition and stabilization of landfill depend on compaction of waste, degree of compaction, amount of moisture, inhibiting materials, rate of water movement, and temperature.

Normally, type, size and required facilities or equipment will be governed based on size of community served, size of the landfill, and methods of operation. General required facilities include crawler, scrapers, compactors, and water trucks.

Advantages of sanitary landfill over other treatment methods are:

- It is a more economical;
- It requires less initial investment compared to other proven methods;
- The operating system is flexible;
- It enables reclaiming of depression and sub-marginal lands;
- With proper management, the completed areas can be used for recreation purposes;
- It prevents unsightliness, hazards and nuisance of open dumping; and
- It can be quickly established.

Some concerns related to sanitary landfill are:

- Lack of suitable land to be landfill sites;
- Risks of seepage of leachate into natural waterbody;
- Good management system and skilled staff are required; and
- Special facilities and equipment are required, especially for landfill gas generation.

The high degree of biodegradable content in municipal solid waste in India makes it ideal for techniques like composting wherein the chemical and biological transformation processes reduces the quantity of waste and products of economic value are recovered. Various initiatives being undertaken by cities to incorporate decentralized waste treatment options like composting units, bio gas plants, waste to energy plants, etc.

To Do Activity:

Identify, document & classify the amount of electronic and electrical goods left unused in one's locality & look out for means for disposal and/or re-use. Find out some recent trends and ways of handling of E-Waste.

Model Questions

Q.1. Elicit the different approaches of sustainable waste management from the perspective of operational process and the utilization of waste?
Q.2. Explain the various sources of waste generation.
Q.3. What are the different ways of collection, segregation, transfer and sorting of waste?
Q.4. Differentiate between organic and inorganic waste processing mechanisms.
Q.5. Elaborate on the integrated mechanism of treatment, recovery and disposal of waste to achieve resource efficiency.

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Chapter 4 Wealth from Waste

Introduction

Waste is nothing but a natural by-product of the phenomena of life and growth of societies. It has been viewed as undesirable or unusable material that must be thrown or discarded when the primary use is over. Just like, plants shed leaves, and animals excrete. Humans in their day to day life generate an unbounded heap of waste of innumerable variety.

It has been believed, that industrialization is inevitable for the growth and development of the nation. However, it furthers the demand for a range of commodities with the purpose of improving our standard of living, through higher production and higher consumption. This spirals production of waste in varied forms, several of which leads to serious environmental pollution and deterioration. With the absence of appropriate mechanisms for disposal and management, waste is commonly seen as a menace. It not just stains the aesthetics of our lives, but also poses a serious hazard to health and life in all forms.

Sustainable management of waste is a crucial aspect of the development and progress of any country, and therefore of the health of its people. Managing waste effectively is one of the top priorities of India, as witnessed through the Swachch Bharat Abhiyan. The objective of the mission is to sensitize its citizens, particularly the youth, and have them as partners in creating a clean nation.

Our everyday lifestyle decisions are deeply associated with the problem of waste that we face today. Every time we decide to take small steps, like using the unused side of the paper, take food only as much we require, pledge not to use plastic bags, consider environment friendly packaging, buy less and throw away less, we help save health of our environment, by conserving resources and generating less pollution. In fact, it is long-established in history that, all societies and cultures have thought out and tried for effective management of waste and have often, succeeded in finding some utility in waste. Waste, which is often, used and discarded materials have been turned into beautiful art pieces and other articles of utility. It is a common practice in Indian homes to use, food leftovers to form the base of a new dishes. The patched quilt is commonly found across cultures. Generation of less waste, reuse and reprocessing of consumables, recycling of waste and recovery of valuable resources from waste were always thought of as good practices. They enable conservation of valuable natural resources and energy and also lower environmental harm caused by socio-economic development of India. Thus, one can say, waste management is closely associated with the concept of sustainable development.

Fulfilling the goals of sustainable development is tremendous global challenge. So, does is the problem of waste management. This Chapter is thus devoted to finding innovative solutions for effective management of waste, which is difficulties breakdown of waste demands special processes that require time, energy, and money. The new thinking is to handle the problem at the very grassroots, at the source where waste is generated. It is believed that we cannot allow to lose it as mere 'waste'. Instead, it is high time, that we look at 'waste' as a valuable 'resource' which can be transformed into a range of products having utility. This method of changing waste to a product that can be put to utility or primary use may be considered as a process of generating wealth. Hence the title: ‘Waste to Wealth’.

Sustainable waste management results in utilizing the waste generated by converting it into useful products and also creates employment opportunities for the rapidly growing population of India, providing them decent livelihood. Given the enormous amount of waste produced every day, innovative waste conversion processes can lead to micro-entrepreneurship opportunities on widespread scale. This potential of waste to wealth enterprise in India is incredibly high, which must be exploited for the benefit of all. Presently, not enough has been done. It will bring back useless, discarded waste items into economic use and can prove to be significantly advantageous, due to

1. Reduced pressure on the environment evoked by waste
2. Income and employment opportunities leading to rise in economic activity, and
3. Improvement in quality of life.

A fact-check of India’s waste scenario indicates that by the year 2030, country’s annual waste generation anticipated to more than double from sixty two million tonnes to hundred and sixty two million tonnes (according to the Ministry of Environment, Forests and Climate Change (MoEFCC)), which can clearly be attributed to the rising population combined with rapid urbanization which automatically translates into increase in waste generation. While these numbers make us more abreast, but it is not resulting in the required action. What is worrisome is that only about 75-80% of the municipal waste gets collected and only 22-28%of this waste is processed and treated. According to experts in the field, if we continue on this ‘garbage dumping’ rate, by year 2030, we would be in need of a landfill site, as large as 90% of the size of Bengaluru, just to carry all our waste. In the light of this statistics, it becomes pertinent to explore waste as wealth. With this background in mind, the following objectives were set for this Chapter.

Objectives of the Chapter

- To understand how organizations, housing societies, and educational institutes are contributing in transforming waste into wealth.
- To recognize the social and environmental benefits of managing waste sustainably.
- To appreciate the various social enterprises or business models generating wealth from waste.
- To understand Refuse derived fuels and Composting Units with the help of case studies.
- To learn from the real examples from the field on how to profitable turn waste in various articles of utility.

4.1 Citizens as Active Participants Creating Wealth from Waste

Organizations

Arora Fibres – engages in recycling plastic bottles into polyester which are later used as packaging material. Arora Fibres set up in 1994 is converting polyester waste into polyester staple fibre. The polyester is collected from waste, plastic bottles or through waste disposed from polyester plants. This fibre has a huge market as it is used in various industries ranging from automobiles to food packaging industry and pharmaceuticals. The plant set up in Dadra and Nagar Haveli can process 18,000 MT annually. “By recycling 10 billion PET bottles, one can save one million square yards of landfill space and eliminate 0.25 million tonnes of carbon dioxide released into the atmosphere”.It

tapped the primary market in 1994 to raise Rs 9.6 crore to set up the Silvassa plant and logged Rs 34 crore in revenues in the financial year that ended March 2013.
(Source:-https://www.businesstoday.in/magazine/features/companies-that-are-making-wealth-from-waste/story/195163.html)

Let's Recycle – is a Gujarat based organization that specializes in the collection of dry waste. It is an initiative of NEPRA Resource management Pvt. Ltd. Let's Recycle deploys Enterprise Resource Planning (ERP) system to track and monitor its activities so as to make the system more authentic and efficient, and targets to divert 30000 MT of waste from the landfill by 2020. The services are designed, customized and scheduled as per requirements of waste-pickers / society cleaners / building care takers / malls / residential societies / commercial establishments or any other type of waste generator. It has helped formalize the unregulated and unorganized Indian waste management sector by sourcing waste from the marginalized waste pickers, ensuring long standing relationships by providing fair and transparent prices. The company has impacted the lives of 5000+ people from bottom of pyramid and are committed to do in future. (Source: http://www.letsrecycle.in/)

Vermigold Ecotech – The Company started with a simple mission " To provide best in class systems for on-site recycling of organic waste."It is a solid waste management company specializing in organic waste/wet garbage and uses earthworm processing technology. Vermiculture is the preferred technology platform for the company, since it has significant advantages over other waste disposal methods such as composting, landfill and incineration. The automated in-vessel vermi-compost system converts organic waste streams into environment friendly vermi-compost and liquid fertilizer that can be used for garden beautification. The organic waste recycling systems are smart, scalable and deliver the lowest processing cost per Kg in the industry. The innovative technology builds upon proven aerobic biological processes to offer comprehensive pollution compliance solutions. (Source: https://www.vermigold.com/)

1. Housing Societies

Green Planet, New Moti Bagh, Delhi –General Pool Residential Accommodation Complex at New Moti Bagh Delhi is a 100-acre campus housing 1,100 families. In 2013, Green Planet Waste Management Pvt Ltd started a waste management plant in the complex based on excel composting technology. The installation required 300 square meter of land and Rs 4,000 per household was charged. However, a total investment of Rs 8 million were made by Green Planet to set up the plan, which receives around 900 kg of horticulture waste and 700 kg of kitchen waste every day, and produces organic compost of high quality. Being so expensive, the plant's operators are struggling to recover losses. Rajesh Mittal, CEO of the plant, says the municipality should pay back the communities that are taking care of the garbage themselves.
(Source: https://www.downtoearth.org.in/coverage/waste/make-wealth-from-waste-47164)

Defence Colony Compost Facility Delhi – Conceptualized by the Resident Welfare Association (RWA), EM1 microbial solution based pit composting was installed with the help of non-profit organization, Toxics Link at Defence Colony Delhi. What is unique about this plant is that, it is completely managed by the residents only, and costs only Rs 45 per household. The facility was set up at a cost of just Rs 70,000 a decade ago, and takes about 3-4 months to convert kitchen waste into organic compost. The compost facility was set up in a small unused corner of the neighbourhood taking only 30 square meter of land. Shammi Talwar, joint secretary, RWA, says, " our priority was to get rid of the smell from the colony bins". The RWA also trained two rag pickers to run it and their salaries come from the plant itself. (Source: https://www.downtoearth.org.in/coverage/waste/make-wealth-from-waste-47164)

2. Educational Institutes

The Vivekanand Education Society (VES) in Mumbai started working on zero-waste campus from 2014. They proved in a short span of two years that waste-free campus can be a reality. The campus which produces 100 kilogram of waste, does not send any of it to the landfill. The waste produced consists of dried leaves or plant clippings (horticulture waste), paper, fibre, plastic and glass. A majority of the waste is from the kitchen of the canteens, which is biodegradable. Out of this, about 70 kilograms of wet waste is used for composting, while the remaining dry waste is collected by an NGO, Stree Mukti Sanghatna, for recycling.The campus has two compost pits, each 6-foot by 4-foot.
In total, the campus has been able to produce around three tonnes of organic manure. Every month, about 1800 kilograms of wet waste is composted, and in turn produces 130 kilograms of manure. This manure is then used around the campus for football fields, gardening and plants, as organic manure only increases fertility of the soil. Besides this, all kinds of electronic waste, such as battery cells and useless electronic devices, are given away to scrap dealers twice a year. The compost pits and grounds are maintained with the money that the campus makes out of this. (Source:)

With the objective of having an effective solid waste management with the campus, **Miranda House**, Delhi University principal, Ms. Pratibha Jolly invested 4 lakhs in the year 2013 in rapid composting technology. The plant takes biodegradable waste from horticulture and kitchen in the ratio of 1:3 to produce organic compost. It takes 15-20 days of composting period and costs around Rs 1,350 per household to set up the plant on a land of 60 square meter (sq. m). The college collaborated with Green Bandhu Environmental Solutions and Services to set up the composting plant. Later on, the college started producing 60 kg of compost per day from its everyday biodegradable waste, majority of which was used in the college gardens. Besides having the compost for the garden at no additional cost, the college also earned Rs 4,000 per month by selling the excess compost and saved an additional amount of Rs 12,000 which they would have otherwise paid for transporting and disposing of the waste composted.
(Source: https://www.downtoearth.org.in/coverage/waste/make-wealth-from-waste-47164)

To Do Activity

Create a Swap Shop in your campus. Illustrate to the community how important and easy it is to reuse and recycle in their everyday lives. Collect and organize items like clothes, toys, books, electronics, etc. which are no longer in use to them, but might be of use to someone else. Establish a small shop where one can give certain items and can take the items they need. Instruct people not to bring broken items, dirty or badly worm clothes, torn books, puzzle with missing pieces, etc but things which can be used by others.

The worksheet/tool below can help you gather stories like the ones covered in the section, to prioritise what you as individual wants to do, and plan an implementable solution as an owner of an organization, resident of housing society or student of a university. As an active participant identify your indicators of progress and decide on your evaluation mechanism. Using this tool can help understand the different phases involved when trying to implement your ideas. By reflecting on the process involved, it can help you to understand what to do next.

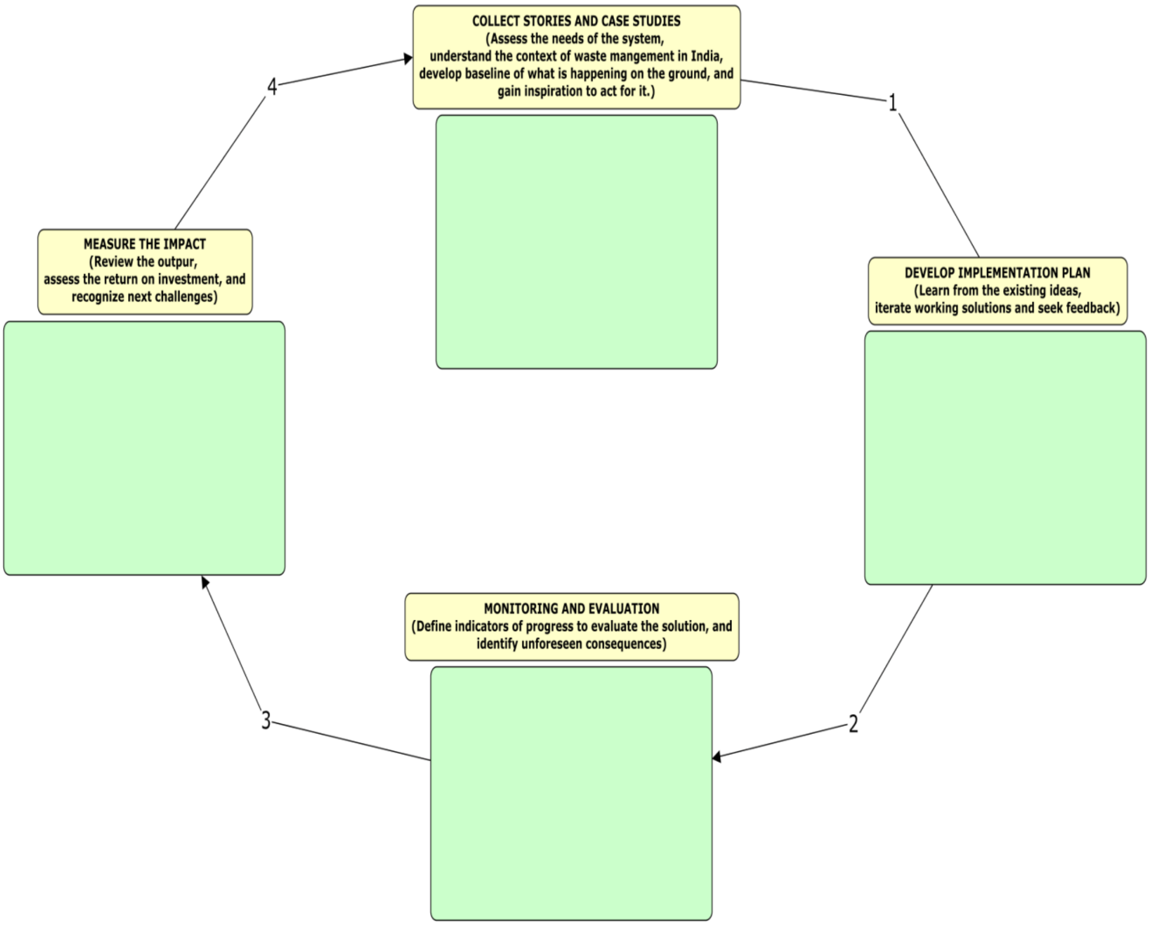

Figure 4.1 Learning Cycle

4.2 Social and Environmental Dividends contributing to Healthy Communities

The consequence dumping waste the way it is practised today is humungous, not just to the environment and aesthetics of the region, but also to human health, and socio-economic well-being of an approximate two million waste-picker families who live off the dumping sites in India. On the contrary, the environmental and social gains from recycling and reprocessing it, are exceptional. For example, "one tonne of recycled paper saves approximately 17 trees, 2.5 barrels of oil, 4100 kWh of electricity, 4 cum of landfill and 31,780 litres of water over production of virgin paper from wood.Recycling of one tonne of steel scrap saves 1.2 tonnes of iron ore, 0.7 tonnes of coal, 0.5 tonnes of limestone, 287 litres of fuel oil, 2.3 cubic meters of landfill, and is achieved through 40 per cent less water and with 58 per cent avoided CO2 emissions".
(Source:-https://www.thehindubusinessline.com/opinion/columns/theres-much-to-gain-from-recycling-of-waste/article24802735.ece)

Social Dividends

1. Employment: Many research studies have revealed that the recycling industry generates jobs – almost six times as many jobs as landfill disposal.When discarded productsare recycled, jobs are created through:
    - C**ollecting, processing and preparing materials:** Discarded materials are collected and then taken to processing facilities where they are sorted and prepared to be sold in the markets.
    - **Upcycling/re-creating from recycled materials (manufacturing):** Recyclables are headed to manufacturing facilities that use recycled products, such as paper mills, metal smelters and plastic manufacturing facilities. Further, compost facilities convert the discarded garden and food scraps into valuable soil alteration.
    - **Reuse and remanufacturing:** Some discarded material are picked up and repaired to be used again through computer refurbishers, etc.

2. Income: A market research report Waste Management Market in India 2014-25, launched by NOVONOUS has stated, "Waste Management Market in India is expected to reach US$ 13.62 billion by 2025. While Indian Municipal Solid Waste (MSW) is expected to grow at 7.14%, the E-waste (electronic waste) management market alone, is expected to grow at a CAGR of 10.03%". Many private companies have ventured-in to harness the waste management value chain in India. Many young Indian startups and SMEs who want to deal in this sector in a profitable way have joined the wagon – be it waste segregation and disposal, waste to energy, waste treatment or recycling and/or converting waste to a new usable commodity (upcycling). Solutions and products include technology based door to door waste pick-up service at a fair price, retailing home composters for organic wastes in households, manufacturing 3D printer filament using plastic waste, producing manure by recycling cigarette butts and many more. (Source:-https://www.hindustantimes.com/health/india-likely-to-generate-775-5-tonnes-of-biomedical-waste-daily-by-2020/story-nAMjcIvzkHcK1RPc0tr5SK.html)
3. Dignity of life for rag-picker families: There are about two million rag-pickers in India today; these are families that live off dump yards through collection and sale of recyclables from the dumped mixed waste. While some experts point that nearly 40% of the rag-pickers are children below18 years of age, what is sure about these families is they live in unhygienic

environments, succumbing to malnutrition, extreme poverty, and adverse health infections. With no physical protection like gloves, uniforms, shoes or masks, many of these children scourge for metals pieces with magnets hooked to sticks, thus putting their health to extreme risk.

Not only do the landfills emit methane that is approximately 21 times as potent as carbon dioxide (OECD), toxic leachate continuously flows out, making dump-yards susceptible to natural and artificially caused fires, hence putting the lives of rag-picker families at risk. These families are also recorded to be affected by several respiratory diseases, physical cuts, worm infestations, and skin diseases.

4. Effect on human health: As many as twenty two human diseases are found to be linked with improper solid waste management, and yet the country has failed to acknowledge the depressing state. Several studies have been published that link asthma, heart attack, and emphysema to burning garbage. Human faecal matter is also frequently found in municipal waste—this, along with unmanaged decomposed garbage, attracts other rodents, that further lead to a spread of diseases such as dengue and malaria.

Dump yards often catch fires – India has faced one of the extremes which raged for three months, at Deonar in 2016,in Mumbai (the most populated metropolitan city of India, with a population of more than 11.5 million people [Census Department, Government of India, 2017]). Burning of plastic and leather and other discards in dump yard generated tonnes of cancer-causing smoke into the air. Holding waste equal to the height of an 18-ft tower, the dumping ground at Deonar has led to the areas surrounding Deonar to be classified as the city's most polluted suburb. The huge pile of wastes not segregated with hazardous components is a common sight resulting in low level of sanitary and health conditions. Unsustainable waste management leaves a huge section of the population suffering from infectious and contagious diseases. Setting priorities in waste management through recycling the waste either via any energy recovery method or through getting treated biologically could reduce the negative impact of the wastes to a large extent. The biogas treatment for example, may improve the hygiene conditions of the community.

Environmental Dividends

1. Greenhouse gas reductions: It has been said time and again, that for every material recycled there are substantial Green House Gas savings relative to landfill, and that for every tonne of a mixed basket of recyclables, 0.8 MTCE (million tonnes of carbon equivalent) was saved. For local authorities, this creates the opportunity to contribute their share of carbon dioxide reductions by promoting intensive recycling programmes. Thus it is important to ensure that the recycling is carried out with old vehicles and other logistics, minimising the production of carbon dioxide.

2. Resource conservation: Since everything comes from nature, recycling and re-using reduces the pressure on primary resources. In some sectors, such as machinery, cars and household appliances, there has been a long-term practice of scrap recycling, but substantial amounts still goes to landfills along with precious metals and other electronics. Take paper as an example which can be recycled five or six times over.

3. Clean cities: In cities, the waste is compiled round litter bins and the rubbish put out by shops and restaurants. Much of it is packaging: papers, crisp packets, drinks cans and bottles. A recycling programme – open to traders as well as households, to street markets and venues as well as offices – provides another outlet for some of this litter and also a change in culture. Unsurprisingly, there is a direct correlation between clean cities and those with high-profile recycling programmes (for example Seattle, Toronto and Bath). Alongside accessible recycling services, waste-free cities would incorporate recycling into their designs of kitchens and houses, stations and buses. Street litter bins have compartments as in Germany, and parks run their own composters.

4. Sustainability: Third biggest cause of greenhouse emissions in India is the burning of garbage, which apart from having the impact on human health, also leaves significant marks on polluting land, water and food, and this is a matter of grave concern. Burning releases carbon monoxide, nitrogen oxide, sulphur dioxide, and carcinogenic hydrocarbons, apart from particulate matter into the air, resulting in India releasing 6% of methane emissions only from garbage (compared to a 3% global average) (Planning Commission 2014). It is expected that by the year 2047, 1,400 sqkm of landfill area would be required for dumping India's unmanageable volumes of municipal solid waste. Leachate from rotten garbage contains heavy metals and toxic liquid, with such emissions ending up either absorbed into the soil or flowing into water bodies today, the entire food chain can be affected when this contaminated water is utilised for agriculture, human consumption and animal consumption.

The worksheet/tool below enables you to gain better insight into the groups of people you want to cater to, and the kind of needs they have, which is a fundamental question for every project or organisation. This tool is a quick and easy way to work out an overview and develop an understanding of the different people your work might reach, and the resources you need to do so.

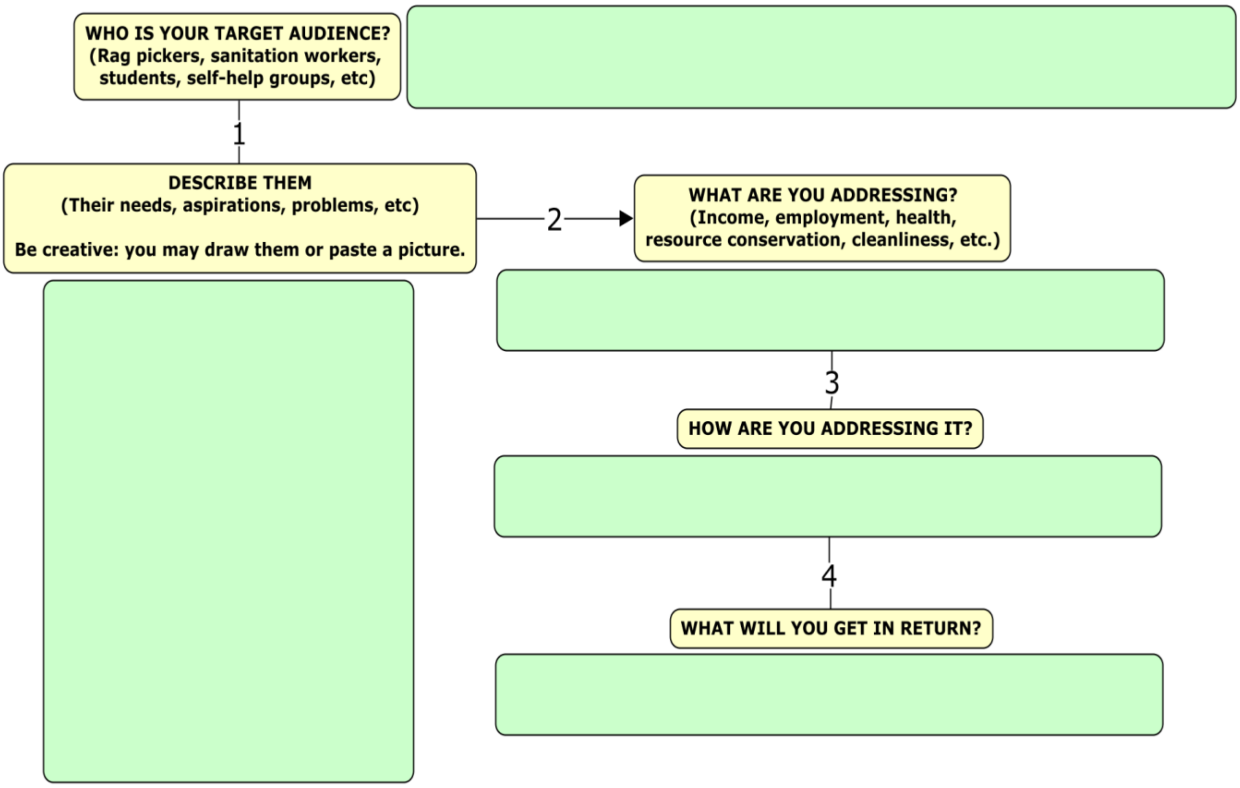

Figure 4.2 Target Group

4.3 Social Enterprises creating Wealth from Waste

Some of the achievements by Social Enterprises in waste management include:

- Digitizing household garbage and recycling collection; offering reliable and transparent paid garbage collection alternatives;
- Bringing informal garbage collectors into the formal sector; utilizing their existing networks;
- Refurbishing e-waste and selling it further down the value chain;
- Producing household and industrial sized compost units;
- Providing waste audit services; and
- Creating digitized networks to collect compostable and reusable materials.

Some examples of these social enterprises are highlighted below:

1. Sampurn(e)arth

Sampurn(e)arth was started to address the rising concern over inefficient waste management in India. With triple bottom line philosophy, they provide end-to-end decentralized waste management solutions to schools, colleges, townships, housing societies and corporate offices. They begin with auditing the waste and culminate with establishing a waste management unit. The unit can either be a biogas plant or a composting solution to handle bio-degradable waste or a dry-waste solution for non-biodegradable waste, which is sold to or processed by our recycling partners.They have installed a bio gas plant in the Tata Institute of Social Sciences campus in December 2011, which has processed over 55,000 kg of food waste from the campus canteen and generated biogas equivalent to 1,000 kg of LPG, which was used in the dining hall for cooking within a year of installation.They have also channelised over 8,500 kg of dry waste for recycling for Axis Bank Foundation as of March 2013.Sampurn(e)arth plans to scale up to process 500 Metric Tons per day in next five years which will result in the employment of 1,000 to 1,500 waste pickers.(Source: http://www.sampurnearth.com/)

2. Saahas Zero Waste

Saahas Zero Waste runs the Zero Waste Program for bulk waste generators, e.g., large tech parks, residential complexes, and institutions. For all the clients that Saahas Zero Waste engages with, they provide end-to-end services for managing waste. They not only provide front-end services in terms of setting up the right infrastructure for segregation and processing of waste, but also supply the required posters and signage. Along with this, they train the employees/residents and the housekeeping staff. The clients are also provided with back-end services in terms of collection of the segregated waste, composting of wet waste onsite or sending to biogas partner, secondary sorting of dry waste into 16 categories and ensuring it reaches the right destination. The organisation is also capturing real-time data of all waste handled and provides monthly reports to its clients. The focus is to ensure that all streams of waste reach their respective authorized destinations.(Source: http://saahaszerowaste.com/)

3. Namo E-Waste

Namo E-Waste Pvt. Ltd., an e-waste recycling startup, based out of Delhi has the solution to the staggering and piling problem of e-waste generation. The company picks up all kind of electronic waste and recycles them into different usable products. The objective of the company is to provide environmentally sound, innovative, and economic electronic waste recycling solutions to the community. It strives to provide green alternatives for today's electronic assets management dilemma and to promote policy changes that benefit the environment, health, and economy through safe disposal and recycling of electronic goods. The technology is based on the manual dismantling, segregation and recycling method. It uses a dry shredding and separating method to extract metals from printed circuit boards. The material is granulated to less than 5mm size and in the electrostatic separator, metals and hazardous content are completely separated. The process does not generate any emissions in the form of water or dust.(Source: http://www.namoewaste.com/)

4. Extra carbon

Green tooth Technologies Private Limited (GTPL) is an innovative organisation which is working towards an agenda of providing a sustainable tomorrow & creation of green jobs. Extracarbon is a brand of Green tooth Technologies Private Limited which collects recyclable waste from homes & other commercial places & sends the material to respective recyclers. It started operating in June 2013 from Gurgaon and today they have 41000 users in eight cities. It encourages the local community to sell their waste and old items to them for cash or shopping credits in return. Community members can use their platform to schedule their recyclable waste pick-up service and also buy & sell second hand items. The idea is to reward the individuals for making the effort. They partner with business and institutions, to help them manage waste disposal, recycle responsibly &educate on practices and process all with the goal of making their communities, and ultimately the world, a better place.(Source: http://extracarbon.com/)

To Do Activity:

Project: Explore some innovative techniques for converting agriculture wastes into useful products.

Based on the examples of the social enterprises explored in this section, think of setting up your social enterprise creating wealth from waste in a team. Use the worksheet given below to reflect on a specific issue you have identified, exchanging thoughts while writing down your notes. The key aim here is to capture, compare and discuss different viewpoints on the problem. It introduces a small set of key criteria by which an issue can be articulated and assessed, which makes the activity highly efficient.

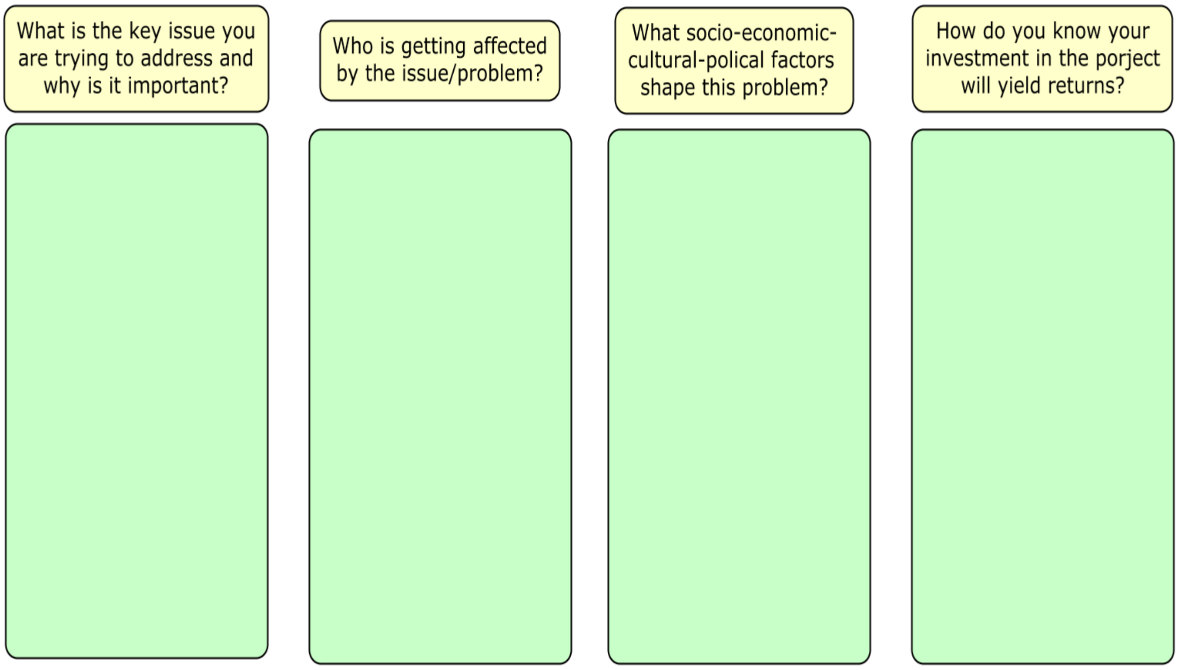

Figure 4.3 Defining the Problem

4.4 Case Studies on Refuse derived fuels and Composting Units

Refuse Derived Fuel (RDF)

RDF typically consists of the residual dry combustible fraction of the MSW including paper, textile, rags, leather, rubber, non- recyclable plastic, jute, multi-layered packaging and other compound packaging, cellophane, thermocol, melamine, coconut shells, and other high calorific fractions of MSW.

The suitability of RDF for use as a fuel or resource is dependent on certain parameters of the constituent waste:

• Calorific value;
• Water content;
• Ash content;
• Sulphur content; and • Chlorine content.

The required specific composition and characteristics of RDF for fuel or co-processing will be determined by the kind of boiler/furnace, temperatures achieved in the furnace, and the associated flue gas management systems.

Process Description: The RDF production line consists of several unit operations in series to separate unwanted components and condition the combustible matter to obtain required RDF characteristics. In general, segregation and processing may include:

1. Sorting or mechanical separation
2. Size reduction (shredding, chipping, and milling);
3. Drying (where required);
4. Separation;
5. Screening;
6. Air density separation (for removing fine inert material);
7. Blending;
8. Packaging; and
9. Storage

The type and configuration of unit operations required depend on the end use of the RDF determines the necessary characteristics of RDF (size, moisture, ash content, calorific value, chloride, heavy metals, etc.)

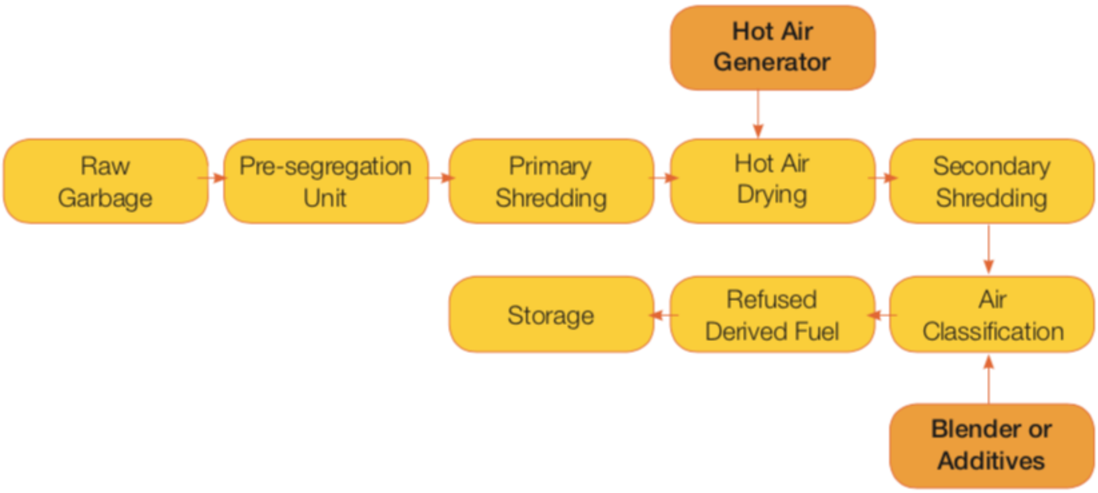

Figure 4.4 Process involved in Refuse Derived Fuel

Case Study on Refuse Derived Fuel

Company/Organization/Players: Jabalpur Municipal Corporation along with ACC Holcim

Project Details

1. Out of 340 tonnes of MSW generated in Jabalpur Municipal limits, 5% was plastic and other combustible fractions (approximately 15–20 tonnes of waste per day), which was sent to the cement plant.
2. JMC introduced door-to-door waste collection service from households in 6–7 colonies as a pilot service wherein waste pickers collect the waste.
3. Self-help groups (SHGs) of over 200 waste pickers were formed for collection and segregation of waste.

4. JMC initiated a process of issuing identification numbers followed by issuing identification cards to the waste collectors or waste pickers to formally integrate them into the system.
5. Non-recyclable fractions of waste—e.g., double coated plastic, torn paper, jute, tetra-packs, thermocol, waste tyres, etc.—were segregated and transported to cement plants.
6. Until 2013, ACC–Kymore Cement Works had successfully co-processed 1,622 tonnes of segregated waste, and the initiative is being replicated in other locations as well.

To demonstrate the co-processing methodology, ACC had conducted co-processing trial of plastic waste at Kymore Cement Works plant, with support from CPCB and MPPCB. The results of the trial run demonstrated that there are no negative influences of the stack emissions on product quality. The presence of high temperature and long residence time of the kiln ensures complete destruction, thus making co-processing in cement kiln a safer and greener way of management of segregated plastic waste.

Considering the importance and benefits of the co-processing technology and based on the experience of various successful trial runs for hazardous and non-hazardous waste across the country, CPCB formulated the "Guidelines on Co-processing in Cement or Power or Steel Industry." In these guidelines, CPCB has included plastic as a non-hazardous fraction that can be co-processed.

To Do

Research Project: Study a Refuse Derived Fuel plant in India through field visits and secondary research as a social entrepreneur, and find out the hindrances or impediments in establishing your own enterprise. Talk to the experts in the field, to find out ways to overcome the challenges that you identified.

Composting Technologies

Windrow Composting: Windrow composting is the production of compost by piling biodegradable waste, in long rows (windrows). This method is suited to producing large volumes of compost. These rows are regularly turned over to improve porosity/voids and oxygen content, mix in or remove moisture, and redistribute cooler and hotter portions of the pile. Windrow composting is a commonly used composting method.

Case Study on Windrow Composting

Company/Organization/Players: South Delhi Municipal Corporation along with IL&FS Environmental Infrastructure & Services Limited

Details on the Project: The Okhla compost plant was set up on Public Private Partnership (PPP) in association with South Delhi Municipal Corporation of Delhi (SDMC). Today the plant processes 200 Tonnes of MSW each day and produces 30 TPD of organic compost.

The Process: The production process of compost involves the following processes:

1. Windrow formation under the Monsoon Sheds
2. Coarse Segregation
3. Refinement
4. End Product 5. Packaging

Products: The facility produces compost and is marketed in the brand name of two products:

1. Greenphos: Organically bound, value added Phosphate Compost which is enriched with beneficial microbe culture along with the presence of essential nutrients like Carbon, Nitrogen, Potassium, Calcium, Zinc, Iron etc.,
2. Harit Lehar: A humus rich organic compost, compliant to standards of Fertilizer Control Order (FCO)

Vermi-Composting: Vermi-compost (or vermin-compost) is the product of the composting process using various species of worms, usually red wigglers, white worms, and other earthworms, which feed in mixture of decomposing vegetable or food waste, and release droppings called vermi cast (also called worm castings, worm humus or worm manure) is the end-product of the breakdown of organic matter by an earthworm.

Case Study on Vermi Composting
Company/Organization/Players: Bruhat Bengaluru Mahanagara Palike (BBMP) along with MSGP Infratech Private Limited

Project Details: The waste is placed in vermi pits made from Granite Stone slabs or bricks and cement. The beds are 1 metre wide, 0.75 metre high and 10 metre long. Two beds are placed next to each other and in between each set of two beds there is a passage way of about 0.6 metre. The beds are covered.

The beds have a layer of coconut husk or similar bedding material at the bottom to facilitate drainage and movement of the worms. Worms of the species Eiseniafoetida will be released on top of the waste. Approximately 30 kg of worms or about 100,000 worms is required for each of the vermi bed.

Maturation: After 30 to 40 days, the vermi compost is harvested manually and the harvested compost is stored for about two weeks to allow cocoons to hatch. At the end of this period the worms in the compost are again separated and the worms are placed back in the vermi beds.
Screening: The compost is screened manually using inclined screens with mesh size of 8mm and 4mm.

Quality Control: In order to ensure that quality of the compost is tested in a lab to determine the nitrogen, phosphorus and potassium and organic content. The compost is also tested in the field by applying it in test plots.
Model: PPP- DBOO (Design Build Own and Operate). Land and waste provided by BBMP whereas the private party made full investment for the plant and also for O&M Private party gets the revenues from sale of vermi-compost whereas BBMP's obligation to treat is also fulfilled.

Aerated Static Pile Composting: Aerated Static Pile (ASP) composting, refers to the system used to biodegrade organic material without physical manipulation (turning) during composting. The blended waste is usually placed on perforated piping, providing air circulation for controlled aeration. It may be in windrows, open or covered, or in closed containers. With regard to complexity and cost, aerated systems are most commonly used by larger, professionally managed composting facilities, although the technique may range from very small, simple systems to very large, capital intensive, industrial installations.

Aerated static piles offer process control for rapid biodegradation, and works well for processing saturated wet waste and large volumes. ASP facilities can be under roof or outdoor windrow composting operations, or totally enclosed in-vessel composting, sometimes referred to tunnel composting.

In Vessel Composting

In-vessel composting generally is a method that confines the composting materials within a building, container, or vessel. In-vessel composting systems can consist of metal or plastic tanks or concrete bunkers in which air flow and temperature can be controlled, using the principles of a "bioreactor". Generally the air circulation is metered in via buried tubes that allow fresh air to be injected under pressure, with the exhaust being extracted through a bio-filter, with temperature and moisture conditions monitored using probes in the mass to allow maintenance of optimum aerobic decomposition conditions. This technique is generally used for municipal scale organic waste processing, including final treatment of sewage bio-solids. It can also refer to aerated static pile composting with the addition of removable covers that enclose the piles.

Pit Composting

Pit or trench Composting is the process of burying organic waste directly into soil. Trenching is an excellent method to use in combination with growing annual plants, especially plants like cabbage, corn etc. It also encourages the development of deep, water conserving root systems. Trenching utilizes anaerobic (without oxygen) decomposition to create an underground band of nutrient-rich humus for plants. This is a slower composting process than that occurs in a well-managed windrow, but the trenched materials will retain more nitrogen during the process.

Dig a hole or trench deep and as wide and long as is practical. Pile the soil up beside the trench. Fill the bottom 15 cm (6") of trench with nutrient-rich food and organic waste and fill in the hole with the excavated soil. Make sure the materials are quite moist before burying them.

Pit Composting - Mechanized Organic Waste Composter

Mechanized Organic Waste Composter are designed to make composting easy and convenient. Mechanized OWC's are fully automatic and have very compact and aesthetic design. OWCs are equipped with intuitive technology which maintains the right temperature, air flow and moisture. A special bacterium which is heat, salt and acid resistant is used. Once the bacteria are introducing in machine they reproduce at a rapid pace under ideal internal conditions.

Case Study on Mechanized Organic Waste Converter

Company/Organization/Players: Thrissur Municipal Corporation of Kerala along with Essel Industries Limited

Project Details: Owned by: Thrissur Municipal Corporation (TMC)
Technology, Installation and Commissioning by: Excel Industries Limited
Operated by: M-Way Consultants Kerala (fully outsourced)

Details of the Project: The Organic Waste Converter plant is located in the heart of Thrissur right behind the bus station. It was commissioned in the year 2012. Built in a compact 500 sq. metre covered shed, the plant treats segregated organic waste coming from the vegetable market nearby and converts it into good quality city compost. This compost is being used in the city parks and also supplied to nearby farmers from nearby areas.

Process: The 'Excel OWC Process' of de-centralized composting consists of:
a. Manual Segregation on Segregation Tables
b. Shredding of large sized waste materials in a slow speed shredder
c. Fine homogenizing and inoculation using Excel Bioculum in the OWC Machine
d. 10-day curing in Curing Systems consisting of racks, crates and automated moisture control system.

Cost of the Plant: 40 lakhs for 4 Tonne
Plant Model: Fully owned and operated by TMC

To Do Activity
Create a composting unit in your campus or housing society. Illustrate which composting technology will you use, and why? Engage the community in collecting appropriate material for preparing compost. Explain to the community how waste for them, can be food for the garden.

4.5 Best Practices from the Field: Waste to Food, Art, and other Articles

1. Pure Waste Textile

Pure Waste Textiles was founded in 2013, and investigated potential uses for textile waste from the tricot industry in Tamil Nadu, one of the world's major producers of tricot fabrics. The company uses 100% recycled materials, and end products are of high quality and competitively priced. It started with building relationships with local tricot manufacturers whose waste material could be reprocessed.
(Source: https://purewastetextiles.com/)

2. Reimagined

Started in April 2016, reimagined today operates on two foundation principles. Up-cycling and creating and promoting sustainable livelihoods. It supports livelihoods of women in the urban and rural poor and the organization ensures that its workers earn a dignified earning. While rerouting waste away from landfills, reimagined also aims to create an identity for these women by facilitating their financial independence. It has managed to pull away close to 15-20 ton of waste from landfills. This includes all types of low value waste. The products are consciously developed to reduce carbon footprint and bring uniqueness in them as compared to mass-produced and machine-made products. Given a lifestyle in urban India today, despite limited resources, coupled with the intense desire in Shailaja to find a solution for Solid Waste Management in Urban Bengaluru led her to create this sustainable business model which focuses on consumption pattern where waste could be upcycled into utility products.
(Source: https://www.rimagined.com/)

3. Workshop Q

Workshop Q creates home accessories by re-engineering seemingly useless scrap in an effort to reduce the waste generated by households and factories. Besides the aesthetic sensibilities, they also hope to spread awareness concerning both ecological and social responsibilities through its products. Clocks, trays, photo frames, tissue boxes, coasters, card holders, lamps; just about anything art and of utility are made through upcycling. The products are made from waste procured from factories, construction sites, small artisans, households and other places. It also empowers livelihoods by using mostly handmade processes. It also strives to reduce the impact of its own business by using scrap paper for any documentation, keeping packaging to a minimum and using recycled or recyclable material wherever possible.
(Source: http://workshopq.com/)

4. Help Us Green:

Kanpur Flower cycling Pvt. Ltd is a social enterprise that owns the brand Help us green. Help us green preserves the Ganges River by collecting the floral waste from temples and mosques that is dumped in the river and flower cycling (upcycling) it into patented fertilizer and incense sticks. This, in turn, provides livelihoods to manual scavenger families in Uttar Pradesh, India. Since the Ganges is considered sacred in India, cleaning the river not only provides employment to manual scavengers, but eliminates the entrenched attitudes and discriminatory practices that still bind families to this degrading occupation. The community benefits from a reduction in disease, predictable income, social acceptance and, most importantly, dignity. The project is scalable and brings a hope to revive the Ganges. (Source: https://www.helpusgreen.com/)

5. Chakr Innovation

Chakr Innovation has developed the world's first continuous self-cleaning trap for particulate matter emissions from the combustion of fossil fuels. Over 7 million premature deaths annually are linked to air pollution, with over 1.1 million deaths in India. Chakr Innovation's technology can reduce the emissions from fossil fuel burning by over 80 percent. This captured pollution is converted into inks, ensuring disposal of the pollutants in the most environmentally benign way. Chakr Innovation enables individuals and organizations to create a sustainable world through its products and services and seeks to inspire, educate, and assist clients in achieving their goals of environmental sustainability.
(Source: http://www.chakr.in/)

To Do Activity

Carry out a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for your project or idea for social enterprise in the area of waste management using the worksheet/tool provided below. The analysis will lead you to a richer understanding of what the project or organisation can offer, the key weaknesses that need to be worked upon in order to succeed, and where to bring in external partners for assistance.

Completing a SWOT analysis involves identifying and mapping the internal and external factors that can assist or hinder in achieving your goal. The SWOT analysis provides a good framework for reviewing current strategies and directions, or even to test an idea while exploring solutions. It is particularly helpful to do a SWOT Analysis before the start of a project. Following tips can be useful in conducting the SWOT analysis:

Be prepared: Get your facts and figures in place before you do the analysis.
Be comprehensive: Include all details, from the smallest ones (e.g. for issues at the most micro level like discussions in your team) to large ones (e.g. for new government regulation) that can impact your work.
Be self-critical: SWOT analysis is there to stimulate critical re- flection, not just to please yourself and/or others. Be open and don't get defensive. It is normal to have weaknesses as well as strengths, and to see both threats and opportunities. Sometimes talking about weaknesses or threats can even help you to recognize strengths and opportunities.
Test your analysis with others: Include others or maybe even ask an outsider (like your partner organization) to do the same exercise and compare their views with your findings.
Repeat the analysis: As you go on with your work, new learnings and factors are bound to come up. Re-visit the SWOT Analysis to align your work and its course once every quarter or twice a year.
Use it as a guide: Don't rely on SWOT too much – it's a guide that can help scope the way for further development.

Figure 4.5 SWOT Analysis (Source: Wikipedia)

To Do Activity

Organize a recycled art competition for students in your campus or neighborhood. The objective of the competition is to encourage people to think of ways in which they can reduce waste in their day-to-day activities. The students participating in the competition work in teams to showcase their creativity, by making sculptures and other art works, to spread awareness about the problem of waste.

Model Questions

Q.1. How as a citizen, who lives in a housing society and enrolled in a course at the University, you can contribute in generating wealth from waste? What role can an individual play?

Q.2. Explain with the help of a case study or example, the possible social and environmental benefits of managing waste.

Q.3. As a budding social entrepreneur, what approach will you adopt to use waste as wealth and who will be your target audience?

Q.4. Illustrate the process of refused derived fuel with the help of an example.

Q.5. As a social entrepreneur, working to address the colossal waste management challenge, think of ways in which waste can be utilized and what are the possible strengths and challenges that you might face?

Readings

- Solid Waste (Management & Handling) Rules, 2016(http://www.moef.gov.in/sites/default/files/SWM%202016.pdf)
- Municipal Solid Waste Management Manual, Central Public Health and Environmental Engineering Organization, Ministry of Urban Development, 2016 (http://cpheeo.nic.in/SolidWasteManagement2016.htm)
- Construction and Demolition Waste Management Rules, 2016 (http://www.moef.gov.in/sites/default/files/C%20&D%20rules%202016.pdf)
- Plastics Waste Management Rules, 2016 (http://www.moef.gov.in/sites/default/files/PWM%20Rules%2C%202016.pdf)

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- CERC Notification for RDF based MSW Projects and MSW Projects,07th November, 2015 (http://www.cercind.gov.in/2015/regulation/SOR115.pdf)
- Compendium of Good Practices on Urban Solid Waste Management in Indian Cities (2015), The National Institute of Urban Affairs.
- Waste to Wealth: A Ready Reckoner for Selection of Technologies for Management of Municipal Waste, Ministry of Housing and Urban Affairs, Government of India, released on 2nd October 2017

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Chapter 5 Greening Economy

Introduction: Economics of reuse, recycle, and recovery

The four R's – reduce, reuse, recycle and recovery – all contribute in cutting down the amount of waste that is discarded. They conserve natural resources, landfill space and energy. Most importantly, the four R's not just save money and resources, but also create green jobs which is better for the people, planet and prosperity.

1. Economics of Reuse and Reduce, which obviously reduces landfill emissions, conserve natural resources, and generate employment and income. For example, a ton of wood in the landfill produces 600 kg of Carbon dioxide. One can well monetise this benefit. Many reusable products reduce pressure at the source of raw material. For example, reuse of wood products or paper reduces pressure on forests. To make some product reusable, consumes almost one tenth of power than producing the product again. Hence reuse of a product results in less wastage of energy. Reuse as an industry also creates employment and attracts investment. Preparation for rendering products reusable generates activities like checking, cleaning, repairing, refurbishing of whole items or spare parts, etc. This came up largely due to the role of the informal sector and the large number of people who sought employment through these gainful activities. There were no declared state policies on reuse of goods and products in India. Poverty and lack of employment also made people reuse, recover and locally recycle materials. The practice of "Garage Sales" to promote reuse is common in the cities in the West, wherein households sit at the front of the garage or front yard during the brief summer and displaying the used, semi-used and disposable products for others to pick up, mostly by migrants and students or other people in need. Similarly, well organised chains of NGO type organizations, like Goonj, Salvation Army, open and operate large chains of donation based second hand clothing, housewares and toy sales centres or thrift stores. Such practices are not very common in Indian cities. But it is not a bad idea to promote them. In the technology front, of late, many cyber portals are active in this area of resale and goods do change hands for reuse. Online shopping, and related portals like Quikr, Olx, Ebay, Vintagedesi, and Cartrade have created a market for second hand products estimated to be USD 12.3 billion, excluding the automobile segment, according to a report by ASSOCHAM. Quickr operates in 940 cities in a meet online and collect offline mode. Cartrade operates with 4000 traders and 4 million visitors visit its website every month. Books, apparels, sports goods, gadgets, cars, bikes, and luxury items are the most traded items. The most significant impact of this sector is in terms of both refuse and reuse of most items bought. The buyers postpone their purchase of new items, thus prevent depletion of new resources. And there is direct impact on prevention of e-waste and other solid wastes and avoidance of wastes of similar types due to delayed use of fresh resources which would have been used, had not so many customers satisfied their desires with old and used products. Amazon.com also operates a 'Used & Refurbished Store' section which is very popular. Another type of portal is now emerging wherein you can share or borrow after connecting with people and making them share and borrow their stuff, instead of buying and selling.

2. Economics of Recycling: Recycling waste into a new substance or product is now becoming visible in the Industrial sector. However, in the early 60s, the only remarkable policy measure was the

provisioning of loans for composting of solid waste in the early 60s. Such composting of local solid waste by farmers in India in the rural areas is a very common practice where they store animal dungs in identified pits, mix other organic matters and periodically mix the same and use in their fields as organic manure.

3. Economics of Recovery: Recovery activities, in the form of anaerobic digestion, incineration with energy recovery, gasification, pyrolysis producing energy, heat and power, and producing valuable materials from waste, are slowly gaining momentum in the industry and in policy discourse. To quote: "Solid waste management in India currently faces a great challenge in handling rapidly increasing waste amounts and changing disposal behaviour. After a recent shift in policies, the Indian government has released several incentives for national and international waste management experts to enter the Indian market. However, waste management projects have to overcome the various problems arising from the unique system characteristics in India. If certain requirements can be met, waste management in India offers great opportunities for national and international knowledge and technology transfer."()

Dr Shyamala Mani, Professor, National Institute of Urban Affairs (NIUA), Delhi, sheds some light on the emerging green economy, saying "If you take one lakh population in India, on an average you will produce 50 tonnes of waste per day. Of this waste, 70 per cent is wet waste, which is 35 tonnes. If this is composted directly or after producing methane gas from it, it will yield 7 tonnes of compost per day because in the composting process, the wet waste reduces to one fifth its weight. Therefore, 42 tonnes of compost can be obtained every month, which if sold at 3/kg, will yield 126,000. In addition, methane gas will generate additional revenue or savings. Furthermore, about 2.5 to 3 tonnes of dry waste can be sold or converted into useful products every day. Both these together can earn a minimum of up to 150,000 per month for the urban local body (ULB), i.e. 1,800,000 annually".

Mathematics of Waste Management and Sustainable Wealth Creation

Consider a typical community with 1 lakh population.

- Average waste produced is 50 tonnes per day with 70% wet waste, i.e. 35 tonnes
- If all of wet waste is composted directly or after producing methane gas, it reduces to $1/5^{th}$ of its weight. Hence it will produce 7 tonnes of compost per day and 210 tonnes per month.
- If the compost is sold at Rs. 3/kg, it will yield Rs. 6,30,000 per month.
- Additionally about 3 tonnes of dry waste can be sold or converted into useful products everyday.
- The Urban Local Body can earn Rs. 7,50,000 per month or Rs. 90,00,000 annually.

On the other hand, for untreated waste, mixed solid waste management requires the municipality or corporation to spend about Rs. 700 per tonne, which is a minimum expenditure of Rs. 12,600,000 annually without any return on investment except pollution and ill health.

Figure 5.1 Mathematics of Waste Management and Sustainable Wealth Creation

Source: National Children's Science Congress, State Level Children's Science Congress, Assam. A programme of NCSTC, Department of Science and Technology, Govt. of India

Objectives of the Chapter

- To understand the two major categories of integrated waste management business models.
- To explore the role of circular economy for waste management.
- To illustrate various technological approaches for generating energy from waste.
- To recognize government's programme for funding waste to energy projects.
- To understand triple bottom line as an evaluative mechanism for sustainable waste management.

Business Models leading to Employment and Economic Development

This chapter explores few emerging business models to turn trash into cash and at the same time generate employment and income for the marginalized section of our society.

A number of innovative enterprises have emerged in the recent past to address the gaps in the waste management system and to take a step towards sustainability. The integrated waste management business model focuses on undertaking activities across the waste value chain, including collection of waste, sorting and segregation, treatment or recycling and disposal of waste. Some of the enterprises make use of information and communication technology to effectively deliver their products or services. In addition to providing end-to-end waste management solutions, some of the enterprises also assist the governments in providing information and data through online platforms and information analytics.

Integrated waste management business models can be broadly classified into two categories:

ICT-enabled integrated waste management business models

Social enterprises leverage ICT to provide services or facilitate connections between service providers and customers across the waste value chain. Technology facilitates tracking and monitoring the waste situation for faster responses. ICT also enables real-time data capture and analysis to inform decision-making. Kenya-based "GoRecycler", for instance connects different stakeholders in waste management, besides providing waste management services such as collection, sorting, treatment and recycling. India-based "Gain Waste" offers an on-call waste collection service called "Kabadi on call". Another Indian enterprise "Banyan Nation" develops analytics-based reports on amount of waste collected and disposed at landfills to support the government and enable better landfill management. Some enterprises deploy GPS technology and provide mobile-phone-enabled tracking of waste collected and recycled. For instance, "Let's Recycle" - an initiative of Nepra Resource Management - an India-based enterprise also utilizes GPS technology to monitor their fleet of the waste trucks. Another Indian enterprise, "Green Nerds" deploys innovative technologies such as PECK kiosk to recycle and compress solid waste for effective landfill disposal.

Non-ICT based integrated waste management business models

Non-ICT enabled enterprises adopt the more traditional model of providing a wide range of services to their customers. They also engage in public-private partnerships with government departments and provide consulting services. Uganda-based "Aquila Recycling", for instance, provide efficient end-to-end services including collection, sorting/ segregation, transportation and disposal, thereby minimizing landfill pressure. The enterprise is licensed by National Environment Management Authority (NEMA), the principal agency for coordinating, monitoring, regulating and supervising environmental management in Uganda, to provide transportation of solid waste. Enterprises such as India-based "Sampurn(e)arth Environment Solutions" also offer other services such as waste audit and consultancy services. A few enterprises focus specifically on integrated waste management services for e-waste. For instance, Indian enterprises "Attero Recycling" and "Ecoreco" offer integrated waste management solutions for e-waste recovery, data security and electronics reverse logistics along with repair, refurbishment and retailing of electronics. A few enterprises such as Indian Green Services (IGS) provide zero waste management (ZWM) services, including capacity building and treatment and recycling solutions for waste.

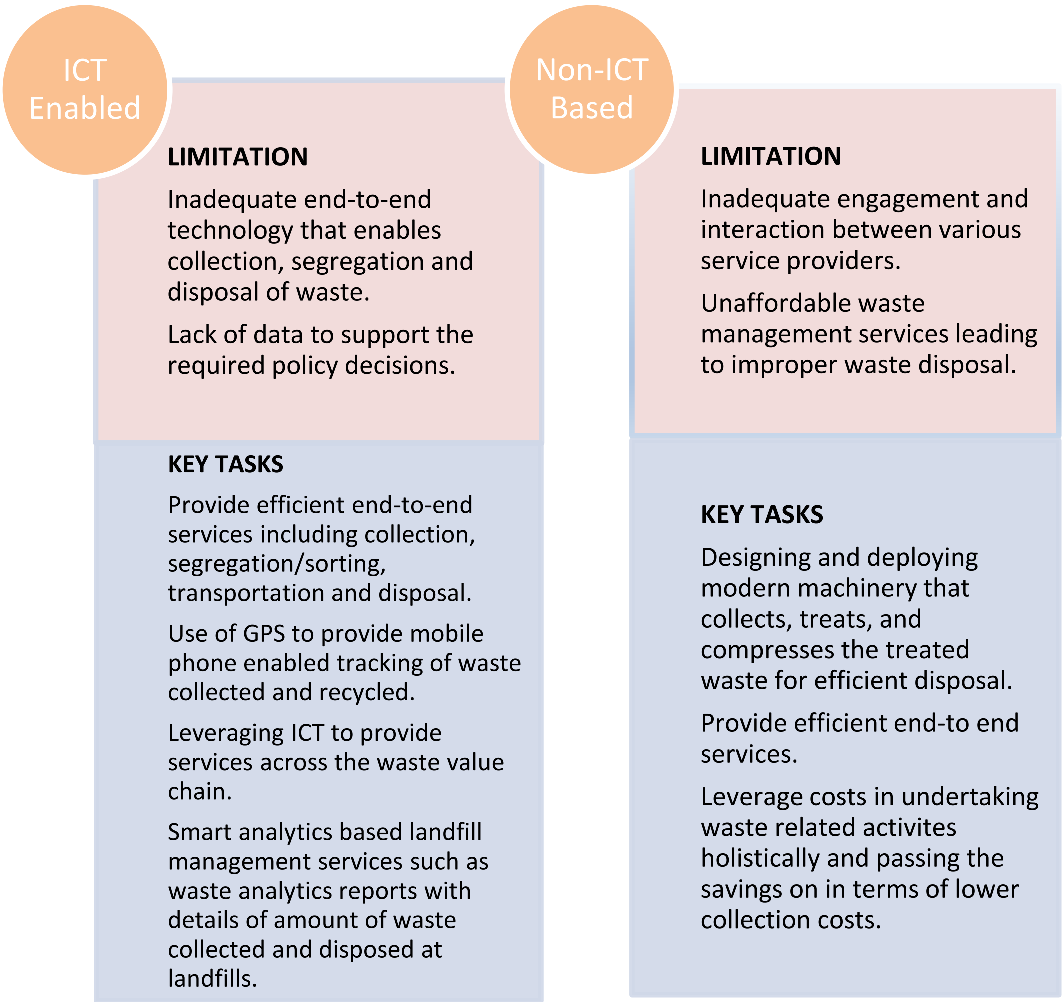

Figure 5.2 ICT and Non-ICT Integrated Waste Management

(Adapted from: Tinsley, E. and Agapitova, N. (2017). Inclusive Innovations of World Bank Group)

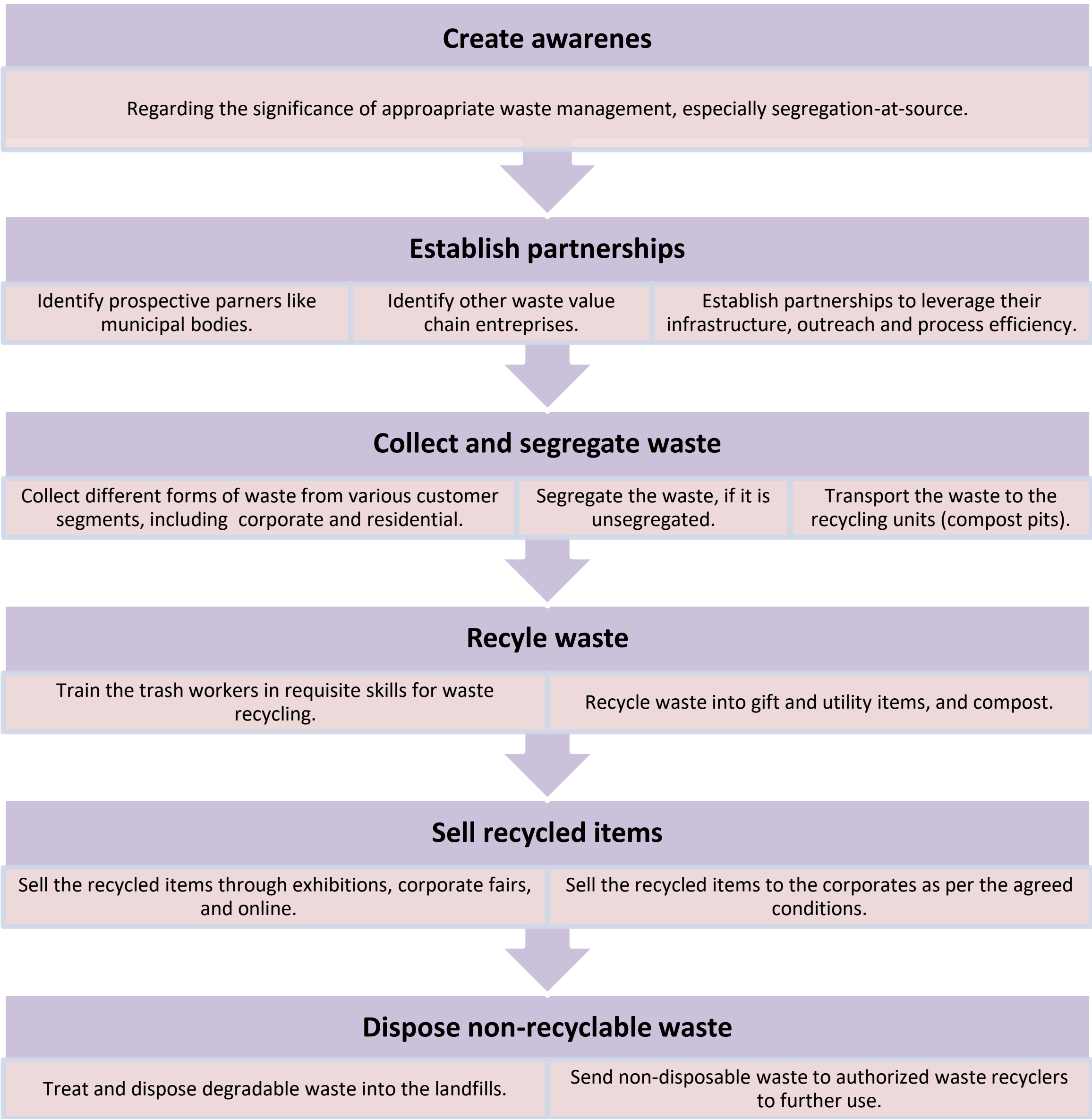

Figure 5.3 Features of Model for Integrated Waste Management

(Adapted from: Tinsley, E. and Agapitova, N. (2017). Inclusive Innovations of World Bank Group)

Table 5.1 Different Business Models in India with its Description

Name of the Company	Brief Description of the Company
AtteroRecyling	Attero offers customized end to end solutions for e-waste management, electronics asset recovery, data security and electronics reverse logistics along with repair, refurbishment and retailing of electronics.
Banyan Nation	Banyan Nation sources waste materials directly and from aggregators, sorts and grades the plastic waste, and manages a treatment and recycling process that produces high-quality plastic pellets. It also generates waste analytics reports leveraging the data it collects at different points of the waste value chain.
Conserve India	Conserve India recycles plastic bags into high fashion goods. The enterprise performs upcycling by washing, drying, and pressing the plastic bags into sheets, which could be used to make for handbags, wallets, shoes and belts.
Eco Recycling (Ecoreco)	Ecoreco engages in end to end processing of e-waste, including collection, sorting, grading, dismantling, recycling, recovery and disposal of e-waste. It also conducts lamp recycling, refurbishing of electronic equipment, and data destruction of IT equipment that are to be disposed.
Gain Waste	Gain waste provides integrated waste management services along with waste consultancy, farming and gardening consultancy, and.
GreenNerds Solutions	Green Nerds integrates the waste value chain activities through technology for waste collection, waste recycling and compressing for landfill disposal. Its machines such as PECK kiosk and other compost processors use innovative technological appliances to recycle and compress solid waste for efficient disposal and management.
Indian Green Service	Indian Green Service (IGS) provides education and training support, treatment solutions such as vermicomposting, bamboo baskets and dry leave compost pits. IGS engages in public-private partnerships with local authorities and camps to create a large network of practitioners using its Zero Waste Management strategy.
Let's Recyle	Let’s Recycle, which is an initiative of Nepra Resource Management collects and processes a range of materials. The enterprise also provides other waste management services including waste pick up along with customized waste management plan, disposal services, and fleet monitoring to provide the shortest route to Let's Recycle fleet to prevent CO2 emissions.
Saahas Waste Management	Saahas Zero Waste (SZW) builds, process-manages and directs resource recovery from waste. It executes a reverse logistics channel where post-consumer waste is aggregated and dispatched to recyclers by organizing collection and recycling of e-Waste from the Business to Consumer (B2C) sector.
Sampurn(e)arth Environment Solutions	Sampurn(e)arth Environment Solutions provides end-to-end decentralized waste management solutions for housing societies, corporate houses, townships, school and college campuses. Some of the major offerings of the enterprise include waste audits, designing of waste-management system,

	collection of dry waste from clients premises in exchange of customized recycled paper stationery, design, implementation, operation and maintenance of biogas plants and composting/ vermicomposting pits.
Thunk In India	Thunk in India recycles waste into daily utility products. The enterprise collects waste from commercial spaces, hotels, residential and industrial areas. The wasteis processed and sent for 'up cycling'.
Waste Ventures India	Waste Ventures India engages in door-to-door collection, composting and recycling. It also incubates wholly owned and operated waste picker cooperatives and household collection franchisees in tier II/II cities. The enterprise also provides urban waste management and municipal waste management services.

Source: Tinsley, E. and Agapitova, N. (2017). Inclusive Innovations of World Bank Group.

5.2 Circular Economy

For humanity to prosper, it is becoming evident that we must learn to imitate nature's highly effective cradle-to-cradle system of nutrient flow and metabolism, wherein the waste of one is the food of other, and nothing is discarded. To eliminate the idea of 'waste' means to design things—products, packaging, and systems—from the very beginning on the understanding and principles that nothing should go unattended. As our material consumption is expected to rise incessantly, recycling offers a viable and sustainable domestic option for meeting the country's growing material demand. What is needed is, a paradigm shift, a transition to redefine economic growth as a depletive 'produce-consume-dispose' based linear economy into a circular economy based on 'reduce-recover-reuse-recycle-redesign-remanufacture' which is regenerative and restorative in nature.

A circular economy grows on the innovations in design to keep the cycle going. Here, the unused or discarded materials from products are reabsorbed into the system and then reused, eventually eliminating waste or discard altogether. So basically, everything in a product can be recycled and reused in new production. This is not the same as the system where simply enhancing disposal systems or recycling is seen as the solution to the waste crisis, which tend to lose both energy and labour in the process. A circular economy, on the contrary, is a non-linear industrial system where resources are restored back into use, limiting waste through superior design of materials, products, and management systems. This model is partially based on the book Cradle to Cradle: Remaking the Way We Make Things by the authors McDonough and Braungart.

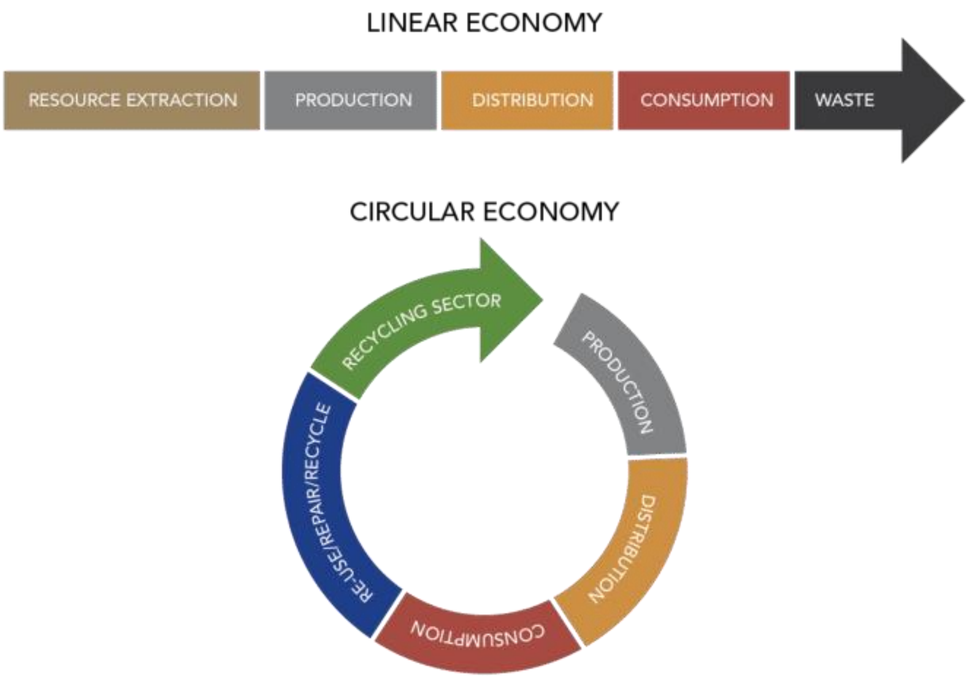

Figure 5.4 A Circular Economy

A circular economy is based on designs that closes open loops so as to eliminate waste from the process. This means designing products in a way that after its primary use, the products can be reprocessed and reused. Consequently, such a system enforces a clear differentiation between consumable and durable components of a product. Consumables in a circular economy would be made of biological elements that could be directly returned to the natural biosphere. While the durables, made of material such as metal and plastic which are unsuitable for the biosphere, would be reused in the system. Moreover, the energy required to manufacture and reprocess these materials would ideally come from renewable sources in order to reduce the dependency on fossil fuels and enhance system's adaptability.

For the durable material, people on the demand side would be transformed from consumers to users. Durable products would be rented or leased out to users when possible and if sold, an agreement would ensure the product be returned to the manufacturer at the end of its usage—in order to ensure that these non-organic components be reused and reintegrated into the system after their primary life cycle. This would help maintain the material streams as pure as possible in order to extend the reusable product's longevity and productivity.

Products would also be designed for a maximized number of life cycles, diversifying their reuse across a wide range of value chains in order to substitute the use of virgin material and again, build resilience. For example, cotton cloths would be reused first as second-hand clothing, then as fiberfill in furniture, and later as insulation for construction before being returned to the biosphere. In each reuse, the idea would be to minimize the degree of change the product has to undergo when being reused or recycled in order to minimize the amount of time, energy, material, labor, and negative externalities when refurbishing a product.

Therefore, a circular economy is grounded on the following four principles:

1. minimizing the amount of change a product has to undergo in reuse, refurbishment, and

remanufacturing in order to return to usage;
2. maximizing the number and time of a product's life cycle;
3. diversifying reuse across the value chain with a holistic approach to the entity under usage; and
4. maintaining material streams separated and uncontaminated in order to extend product longevity and increase material productivity.

A transition into a circular economy would require some sort of government intervention, policies that enforce producer responsibility thereby leaving material and recovery problems for businesses to solve, encourage or require alterations to product design thereby facilitating easier disassembly, reuse, reprocessing, or recycling, and prevent toxic material from entering the market streams would help establish a necessary foundation for a circular economy that would be otherwise unattainable by simply market-based approaches.

Criticisms of the Circular Model

The circular economic model has sparked major criticism in the sustainability circles, many questioning whether it can even be regarded as an alternative model for a sustainable society, on the following grounds:

1. It does not directly address the fundamental problem of extensive energy and resources required in producing a product on the first hand. Instead, the paradigm is mostly focused on altering product design and connecting industrial production flows rather than restructuring energy consumption or extraction.
2. The model also does little to address the role of consumers in reusing, segregating, and returning materials back into their distinct stream. This will also require a paradigm shift at the consumer level, which the model does not elaborate on or stress.
3. In a circular economy, there are also no distinct limits to consumption, based on the notion that the issues with our economic model are flaws in the production and disposal of resources, not on the consumption behavior itself. Implying endless consumption can be integrated into a sustainable economy is deceiving and can send a fallacious message to both industries and consumers.
4. The circular economy is also grounded on the argument that more demand or more production can increase resources, because the manufactured products will be reused and returned to the production stream and will limit the amount of virgin material extracted. However, this is based on the idea that the quality of the material returned can be upcycled—converting waste into new products of better quality or for better environmental value—endlessly rather than the reality of down cycling—converting waste into new products of lesser quality and reduced functionality. In theory, upcycling may be sustainable but in practice, it is a rare and limited process as quality naturally degrades over time.
5. Returning these material flows back to the producers will also require a lot of transportation, especially in a globalized economy, which again, will consume more energy resources and lead us away from attaining sustainability.

Despite these setbacks, circular economics has begun stimulating discussion between industries, governments, and even communities that are keen on reducing waste accumulation and ensuring a healthier environment. However, this vision remains limited mostly to corporate and government responsibility within a society with a centralized governance authority, a highly formalized economy, and a mostly urban population that would allow for easy accessibility to industrial recovery centers. In an Indian context, a circular economic model can be a point of reference for better waste management though it requires/lacks certain elements that limit its replicability. Fundamental changes in market behavior and waste generation require a broader more holistic paradigm shift in which social, environmental, ethical, and economic issues are interconnected. For this, we must ask ourselves what kind of changes are we searching for when we discuss resource management and sustainability, whether economic growth and sustainability can even coincide, and what is the role of the individual and the community in assuring citizen action and social well-being?

Table 5.2 Circular Economy

Circular Economy

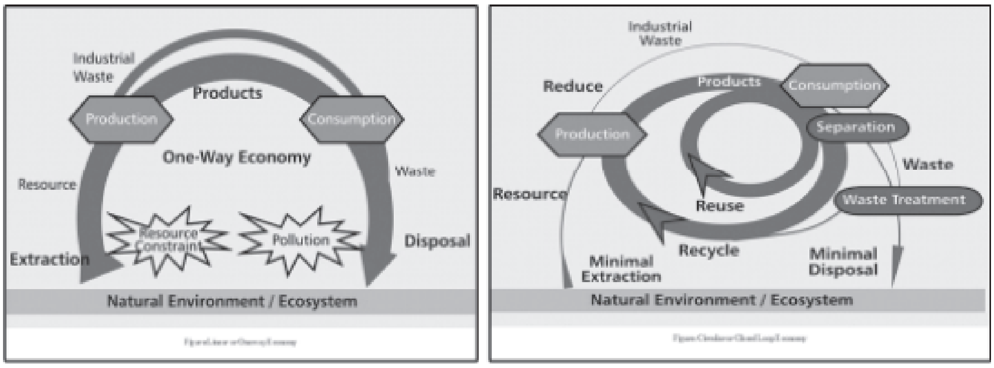

Figure: Circular or Closed Loop Economy **Figure: Linear or One-way Economy**

Practicing resource efficiency involves using smaller amounts of physical resources and generating less waste to produce the same product or service. In a resource-efficient economy and society, traditionally 'valueless' wastes can be considered resources for a new tier of the economy. They can be recovered (or prevented from being lost) through greater efficiency and management at every stage of production and consumption. Even many hazardous or toxic materials may be recycled or re-refined for reuse. For instance, it is estimated that 10 million computers contain 135,000 metric tons of recoverable materials, such as base metals, silicon, glass, plastic, and precious metals.

This takes us from a linear economy based on 'take-make-waste' to a closed loop or circular economy whereby materials, components and goods have more than one useful life and are reused, repaired, reconditioned, remanufactured and ultimately cycled at different levels in the economy. There is greater resource efficiency, achieved by reducing consumption and waste of materials, and by reusing and recycling byproducts.

Source: National Children's Science Congress, State Level Children's Science Congress, Assam. A programme of NCSTC, Department of Science and Technology, Govt. of India

Prospects of Circular Economy

"Inspiration comes from Graham Wiles. He was paid to collect the cardboard and sold it to equestrian centres as horse bedding. Then he put it into worm recomposing systems which produced worms, which he fed to Siberian sturgeon which produced caviar, which he sold back to the restaurants, the original producer of waste! He identified a path of turning a common waste product into a high value end product. A linear process to a closed loop model is completed. People tend to extract the resources, then turn them into short life products and then dispose them. In ecosystem, the waste from one organism becomes the nutrient for something else in that system.

Holding the vision of zero waste, we come up with the idea of Recycle Trade or circular economy." Apart from Graham Wiles, one can take up the example of numerous cement plants in India. Cement Information System (CIS) of the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India gives a list of 90 major cement companies who have several factories each. "A Cement Plant can be considered as an Energy Recovery Plant. The mineral waste (Ca, Al, Si, Fe) can be used as secondary raw material or as an additive in cement (slag, fly ash, synthetic gypsum). Items that can be classified as Calorific Waste (used tyres, used oils, spent solvents, biomass, etc.) can be used as a substitute to fossil fuels. This reduces fuel cost and simultaneously solves a waste problem besides reducing the overall CO2 emissions. Therefore, burning of calorific waste in cement kilns is effective, ecological and cheap while energy is totally recovered. It also reduces the need for new dedicated incinerators." These are the powerful examples and analogies of circular economy that can be linked to the dreams of a zero waste society. Due to space and time constraint, it is not possible to examine the possibility of how to identify and implement circular concepts in various industrial sectors in India. But it remains a very rich option for future research. Mass scale introduction of waste to energy polices, program, and technologies will presuppose intensive efforts for identification of scope and R&D to make it possible and profitable. This is an area where global best practices will be useful. Identified institutions can help in networking and dissemination of ideas and skills across countries. In this regard, the rich reference materials and guidelines produced by UNCRD will be extremely useful to the Indian policy makers as a rich source of knowledge for action.

5.3 Technological and Financial Concerns associated with Waste to Energy Approaches

Waste to energy (WTE) technologies have gained much attention from cities around the world as there is an ever increasing energy demand with depleting fossil fuels. Many technologies offer possible strategies to turn waste into different stages of energy, namely solid, liquid, and gaseous. Accordingly, advantages of WTE are:

- It prevents a vast amount of waste going to the landfill;
- It reduces substantial amount of possible emitted pollution; and
- It provides economically and environmentally alternative fuel or energy.

Although WTE conversion is rapidly increasing, there are concerns in employing this technique. In general, the concerns include:

- High initial investment for WTE facilities;
- WTE systems are very complex, staff with expertise and specific skills are required; and
- A pollution control system is highly important to monitor and prevent adverse impact from contaminants.

In the same way as recycling, responsible parties need to give thorough consideration to WTE techniques whether they are practically and economically feasible with the characteristics of waste and situation of the city.

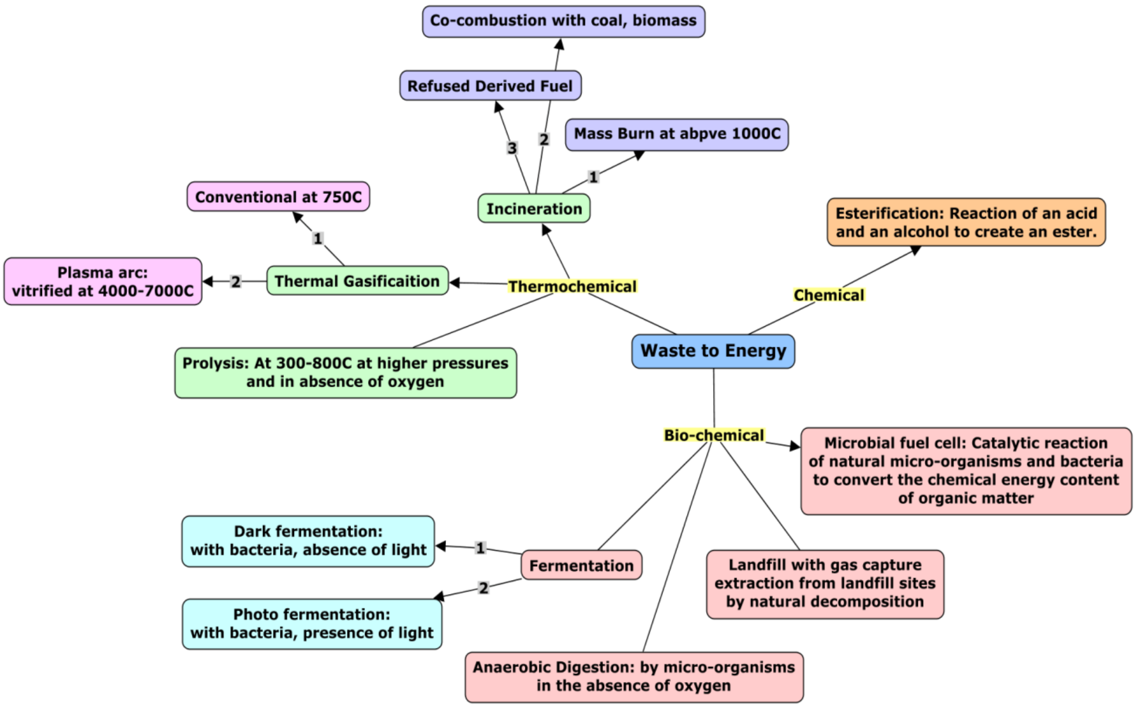

Figure 5.5 Waste to Energy Technologies

Bio-chemical conversion of biodegradable MSW can be categorized into composting, biomethanation and fermentation. Composting is an aerobic process in which biologically degradable wastes are converted through solid state biochemical transformation to yield stable granular material - which could be used as soil conditioners and nutrients. Biomethanation is an anaerobic slurry-phase process that can be used to recover both nutrients and energy contained in biodegradable waste. Biogas can be used either as a source of thermal energy or to generate electricity by using gas engines and turbines.

Thermal processing of MSW can be accomplished in several ways including incineration, pyrolysis, gasification and mass burning. Typically, the feedstock could be segregated or un-segregated MSW or refuse derived fuel.. Incineration is the complete combustion of waste with the recovery of heat, to produce steam, which in turn produces power through steam turbines. Mass burning of MSW is achieved by burning unprocessed wastes. Pyrolysis uses heat to break down organic materials in the absence of oxygen, producing a mixture of combustible gases (primarily methane, complex hydro, carbons, hydrogen, and carbon monoxide), liquids and solid residues. Gasification is a process that converts organic or fossil based carbonaceous materials into carbon monoxide, hydrogen and carbon dioxide at elevated temperature (500-1800oC) in the presence of limited amount of oxygen – typically called as Syngas at temperature above 900oC along with the conventional fuels like coal without any ill effects for generating heat. Operation of thermal treatment systems involves higher costs and a relatively higher degree of expertise.

Technological issues. The selection of appropriate technology depends on the physical and chemical composition of the waste, its moisture content, the prevailing climate conditions, and the type of waste collection method used (mixed or sorted). Mechanization is not required for small- (less than

20 tons per day [tpd]) and medium-scale projects (less than 100 tpd). Anaerobic digestion plants and RDF are capital-intensive, and require well-trained operators, resulting in a more expensive organic waste management option. Throughout the region, this option should be carefully weighed against other less expensive options, and matched to fit the municipalities' management and technical capacity. Industrial towns are suitable locations for RDF as there is a concentration of cement kilns and industrial boilers. Combined systems can also be considered if costs, capacity, and improved segregation of waste permit.

Financing issues. A level playing field must be created to support the organic waste sector. Chemical fertilizer subsidies by governments distort the market for organic compost. Chemical fertilizers are typically sold at a subsidized price, so in the medium to long term, such subsidies should be reduced, rather than providing the same level of subsidies to organic composts. Providing subsidies to organic waste operators could also be considered to help municipalities and the private sector in implementing such projects. However, direct subsidy of capital costs (plant and machinery) does not always deliver the desired results. Since chemical fertilizers and nonrenewable energy are heavily subsidized, some incentive should be offered for the purchase of compost and renewable energy by consumers. Also, in the case of compost, as it is transported in bulk for direct selling to farmers, a transport subsidy may be extended, as is sometimes offered to fertilizer companies. The private sector should be considered for back-ended capital subsidy of the plant costs (compost, biogas, or RDF) if the municipality owns the plant, and an interest subsidy could be extended for the entire loan repayment period at a favourable discount rate. Moreover, a promotional subsidy could help raise awareness and promote the use of compost and biogas among the broader consumer market, particularly farmers. This type of financial assistance is critical for the successful scaling up of support for organic waste management. Regardless of the financial assistance strategy selected by the government (reduced subsidies to chemical fertilizers or increased subsidies to compost operators), a careful assessment of opportunity costs (less land required for landfill, lower transport costs, lower operation costs of landfill, improved local environment, etc.) should be done to convince decision makers who manage scarce government budgets.

5.4 Funding for Waste to Energy

It has been well-established that it is a desired activity to generate power from waste, as a result government of India, initiated various levels of subsidizing the processes or activities in generating energy from waste, up to a percentage of the capital cost. In the year 2016, a preferential tariff line was opened up for the power sector associated with waste. The power was priced at Rs. 7 per KwH (10 US cents) for state utilities which is almost three times the cost of solar power which was 3 Cents US in Rajasthan. However, the rationale is that once the volume of power generation grows, the cost will come down. That was the case with solar. In the year 2010, the cost of solar power was almost three times more than what it is now. However, the logic holds good only up to a point as the total capacity of power generation from waste may not be more than 2780 MW by 2050. However, the cost per MW from waste plants is much higher, as one MW of waste power is equal to 3 MW of solar capacity as waste plants work round the clock, unlike solar. In the light of these facts, it is pertinent to explore funding possibilities for generating energy from waste.

The Ministry of New and Renewable Energy, Waste to Energy Division, has a programme on Energy from Urban, Industrial and Agricultural Wastes/Residues, for the Plan Period (2017-18, 2018-19

&2019-20).

Objective of the Programme:

The main objectives of the Programme are as follows:

1. To promote setting up of projects for recovery of energy in the form of Biogas / BioCNG/Enriched Biogas/ Power from urban, industrial and agricultural wastes; and captive power and thermal use through gasification in industries.

2. To promote Biomass Gasifier based power plants for producing electricity to meet the unmet demand of captive power and thermal needs of rice mills and other industries and villages for lighting, water pumping and micro-enterprises.

3. To create conducive conditions and environment, with fiscal and financial regime, to develop, demonstrate and disseminate utilization of wastes and residues for recovery of energy.

Scope of the Programme:

The scheme provides for Central Financial Assistance in the form of capital subsidy and Grants-in-Aid in respect of the following activities:

1. Biogas production from Industrial waste, Sewage Treatment Plants, Urban & Agricultural Waste/residue through Biomethanation.

2. Power generation or production of Bio-CNG/enriched Biogas from biogas produced from Industrial waste, Sewage Treatment Plants, Urban & Agricultural Waste/residue.

3. Installation of biomass gasifier based projects in industry for producing electricity to meet the unmet demand of captive power and thermal needs of rice mills and other industries and villages for lighting, water pumping and micro-enterprises.

4. Promotional activities including R&D, Resources assessment, technology up gradation and performance evaluation, etc.

The eligibility criteria based on the type of waste are as follows:

1. Projects based on any bio-waste from Urban waste (cattle dung, Vegetable & fruits market, Slaughter house, Poultry waste etc., Agricultural Waste (paddy straw, agro processing industries residues/ effluents, green grass etc.), Industrial wastes/Effluents (Agro processing industry, Paper & Pulp Industry, Milk processing, Sugar Industry etc. (excluding bagasse).

2. Mixing of other wastes of renewable nature, including rice husk, bagasse, sewage, cow-dung, other biomass and industrial effluents (excluding distillery effluents) will be permissible up to extend of 10%. 3. Biogas generation projects based on distillery effluents and projects based on wastes from fossil fuels and waste heat (flue gases) shall not be supported.

4. BioCNG/enriched Biogas generation projects from Biogas for captive use /pipeline /bottling are eligible for CFA. e. Biomass Gasifier projects using agro residues / waste for captive thermal / electrical needs, distributed power are eligible for CFA.

The eligibility criteria based on the type of technologies are:

1. Projects based on waste-to-energy conversion technologies, namely, Biomethanation, combustion, gasification, pyrolysis or a combination thereof or any new technology as approved by MNRE.

2. Projects for generation of power from biogas will be based either on 100% biogas engines or steam turbines with a minimum steam pressure of 42bar.

3. Bio-CNG/Enriched biogas to be produced will have to meet the BIS specifications as per IS 16087: 2013.

Criteria based on capacity: There will be no minimum / maximum limit on capacity of projects supported under this programme, however, cattle dung-based power generation projects of up to 250 kW capacity will not be considered under this programme.

Central Financial Assistance:

Table 5.3 Central Financial Assistance (CFA) for Different Categories of Projects.

S.No.	Output	Capital Subsidy	Description
1.	Biogass	Rs. 1.0 crore per 12000m3 Biogas /day. (Max. Rs.10 crore/project)	Biogas generation from Urban waste/ Agricultural Waste/ Industrial wastes/ Effluents or mix of these wastes. (Distillery effluent is excluded)
2.	Power	Rs. 3.0 crore. per MW. (Max. Rs.10 crore/project)	Power generation based on Biogas generated from Urban waste/ Agricultural Waste/ Industrial wastes/Effluents or mix of these wastes. In case, developer wants to set up power generating unit at already existing Biogas generation unit, in that case, the applicable CFA will be only Rs 2.0 crore per MW.
3.	Bio-CNG/Enriched Biogas	Rs 4.0 crore. Per 4800 kgs of BioCNG/day generated from 12000m3 Biogas /day. (Max. Rs.10 crore/project)	BioCNG generation based on Biogas generated from Urban waste/ Agricultural Waste/ Industrial wastes/Effluents or mix of these wastes. In case developer wants to set up BioCNG generating unit at already existing Biogas generation unit, applicable CFA will be Rs 3.0 crore.
4.	Gasifier Thermal/Electrical in Industries/Villages	Electrical Rs. 2,500 per kW with duel fuel engines Rs. 15,000 per kW with 100% gas engines Thermal Rs. 2 lakh per 300 kW for thermal applications.	Biomass gasifier based Captive Power & thermal applications in industries. Distributed / off-grid power for villages using biomass gasifier systems.

Source: Government Of India Ministry Of New And Renewable Energy (Waste To Energy Division), Programme Guidelines On Energy From Urban, Industrial And Agricultural Wastes/Residues For Plan Period (2017-18, 2018-19 & 2019-20)

Criteria for Release of Capital Subsidy to Promotors

1. The amount of capital subsidy would be calculated on the basis of installed capacity.
2. Total capital subsidy would be limited to Rs. 5.00 crore per project for Industrial Waste, however, it will be limited to Rs. 1.00 crore per project in case of projects for power generation through boiler turbine configuration in stand-alone mode or through cogeneration.
3. Subsidy amount will be restricted to 20% of the project cost in Urban, Agricultural Waste/residues and Industrial Waste while financial assistance will be limited to 40 % for STP.
4. In case of Special Category States (NE Region, Sikkim, J&K, Himachal Pradesh and Uttarakhand), the capital subsidy would be 20% higher than that for other States. This provision will also be applicable two items (ii & iii) above.
5. CFA to Biomass co-generation projects would be limited to a maximum of Rs. 1.0 crore/project , irrespective of the installed capacity of the project.

Release of Central Financial Grant :

1. It would be released after successful commissioning of project, which would, inter-alia, imply operation of the project for three months, including continuous operation for at least 72 hours at minimum of 80% of rated capacity, The amount of capital subsidy would be calculated on the basis of installed capacity.
2. In case the project is set up by the developers through their own resources, the CFA would be released directly to the developer after successful commissioning of the project as successful commissioning as stated above.

Central Govt. Assistance for Grid Connected Gasifier based Projects

Union Ministry of Renewable Energy has a programme extending support to Grid based Rural based Gasifier projects in following form:

1. Release of Central financial assistance to support Capex investment.
2. Human Resource Development in form of Organized Trainings.
3. Gasifier Entrepreneurship Development Programme
4. Technology Demonstration Component

5.5 Triple Bottom Line of Waste Management

Using triple bottom line to create positive change through social, environmental and financial impact.

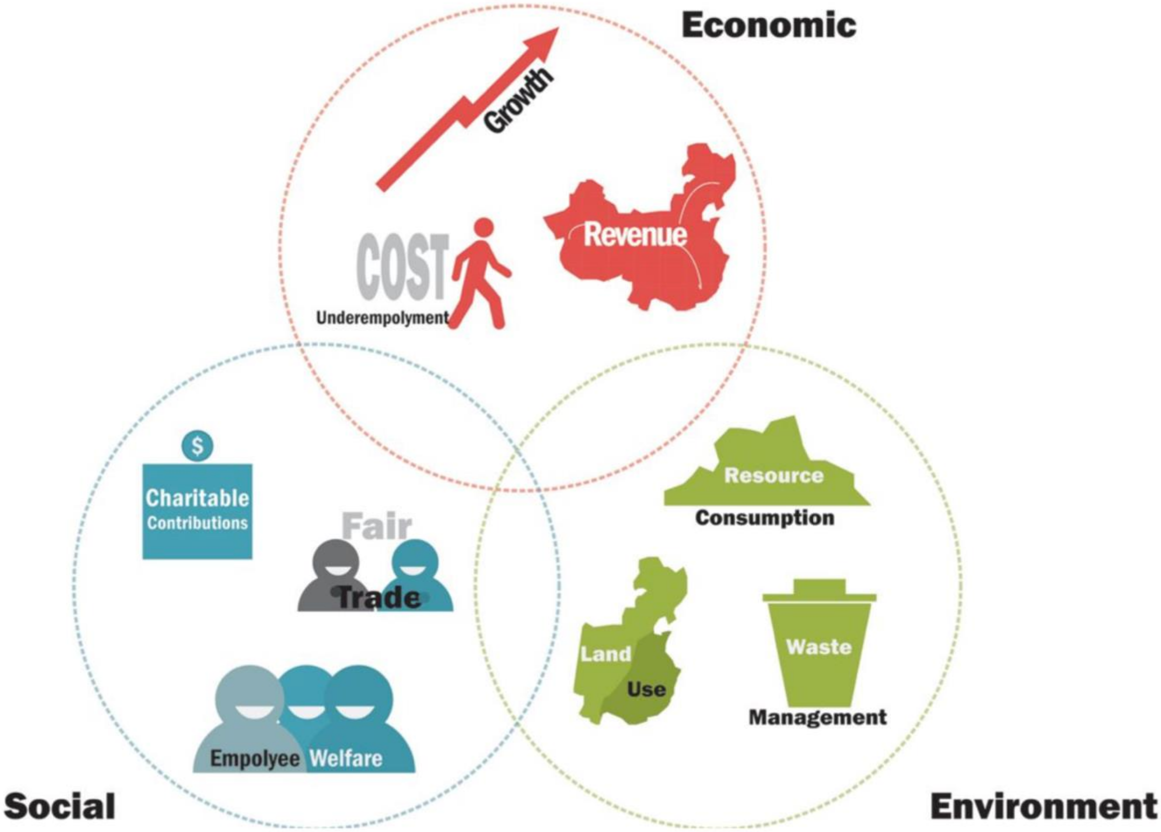

Figure 5.6 Triple Bottom Line

Social Responsibility

Mahatma Gandhi once said "Poverty is the worst form of violence."

With today's pressing environmental issues, there is certainly no shortage of work that needs to be done. Creating dignified employment to combat socio-economic-environmental hazards associated with huge amount of waste generated every day is important from a sustainable perspective. Moreover, creating green jobs for people who face extreme barriers to employment also reduces desperation, violence and crime, by moving them out of the vicious cycle of poverty. The social benefits of waste management are discussed in detail in the following sections.

Environmental Protection

Discovery of more oil reserves and subsequent fall in oil prices has made the use of virgin plastic cheaper than recycled one. As a result many companies are switching towards using virgin plastic in their manufacturing. Thus, the demand for recycled plastic has plummeted, resulting in a dramatic fall to the price that the waste pickers receive for the discarded plastics they collect. This is a tragedy that is affecting millions of the poorest people on our planet, but one that has gone almost completely unnoticed! Creating stable and dignified employment through fair trade recycling is needed now more than ever.

Increasing recycling rates in developing countries should be a priority of addressing climate change. According to recycling expert Dr Mike Biddle, for every ton of virgin plastic that is replaced with recycled plastic, it saves 2-3-tons of Co2. Most developing countries have dismal recycling rates of between 2-8%. Imagine the job creation and carbon dioxide savings that would result if these rates reached double digits.

Financial Success

Having a self-sustaining business model is the engine that drives our impact. Originally Plastics For Change was a non-profit, but we re-incorporated as a For Profit to create a revenue generating business that can be highly scalable. To address societies biggest problems we need to create financially sustainable, scalable and systemic solutions.

To Do Activity

Using the templates below, create triple bottom line of your own social enterprise for sustainable management of waste.

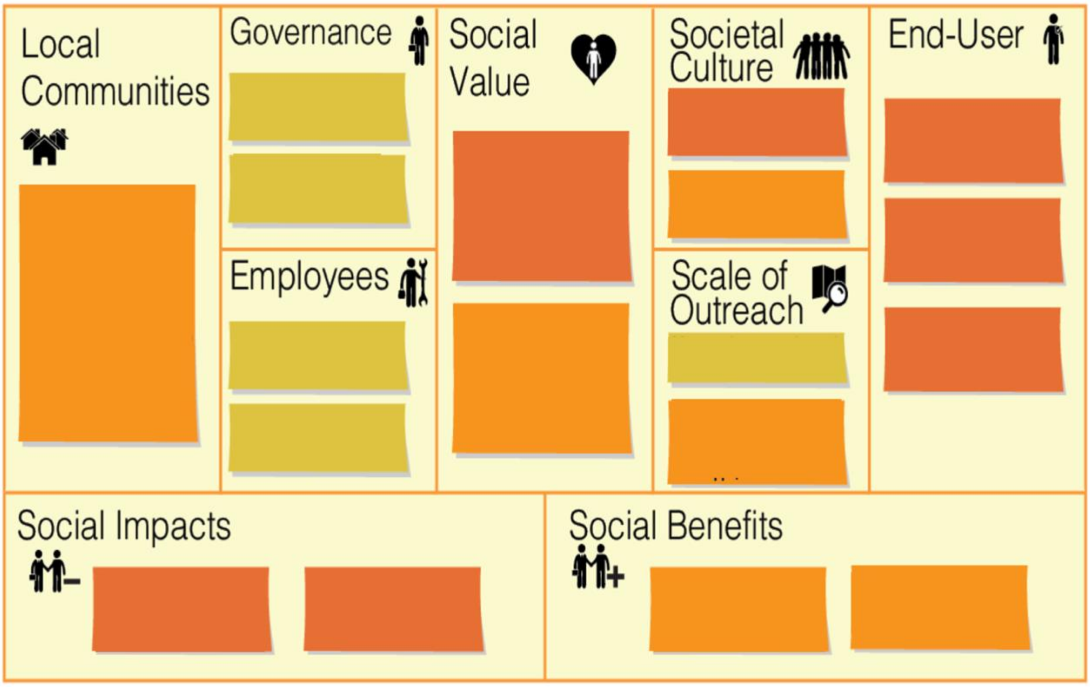

Figure 5.7 Social Stakeholder Business Model Canvas

Source:Joyce, A., Panquim, R., &Pingneur, Y. 2015. The triple layered business model canvas: a tool to design more sustainable business models. ARTEM Organizational Creativity International Conference. Nancy, France.

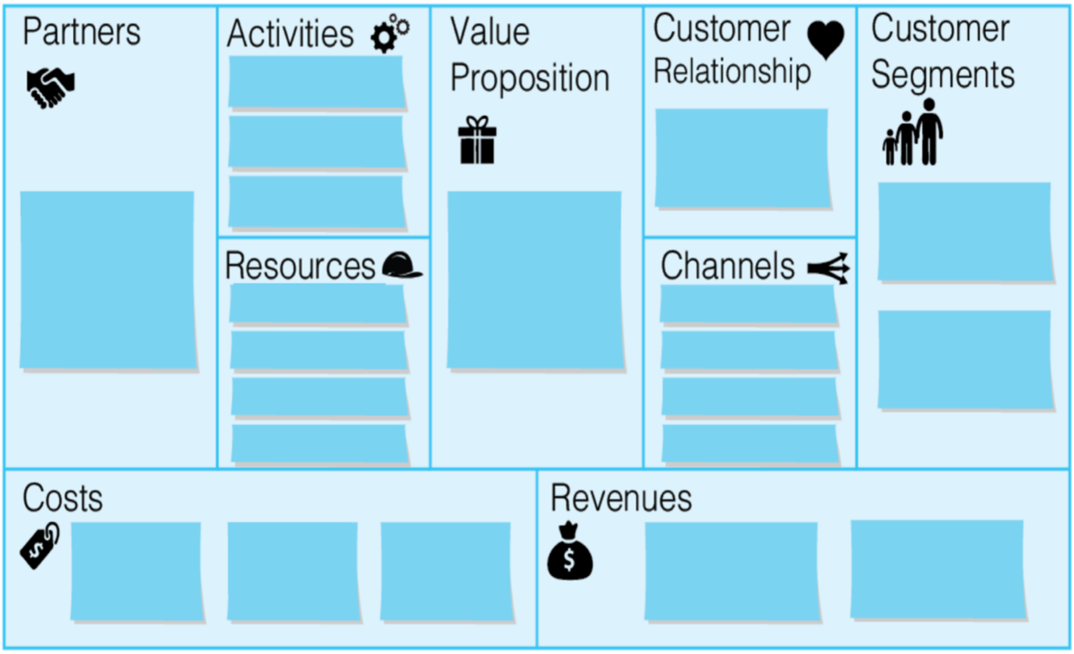

Figure 5.8 Economic Business Model Canvas

Source:Joyce, A., Panquim, R., &Pingneur, Y. 2015. The triple layered business model canvas: a tool to design more sustainable business models. ARTEM Organizational Creativity International Conference. Nancy, France.

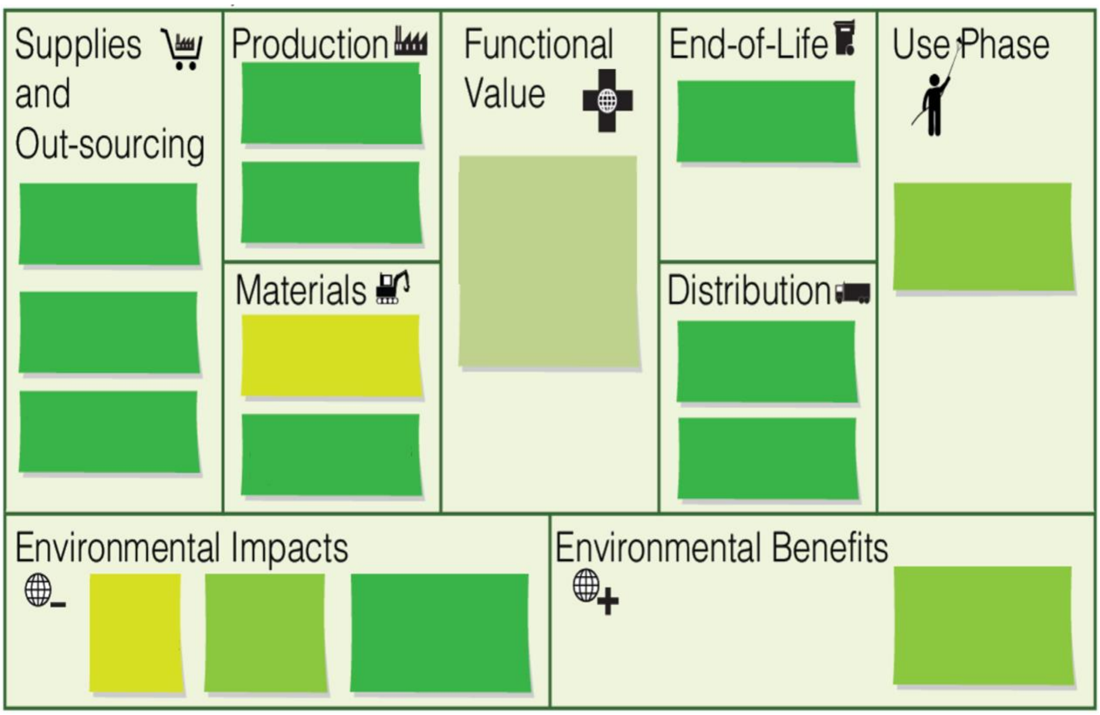

Figure 5.9Environmental Life Cycle Business Model Canvas

Source:Joyce, A., Panquim, R., &Pingneur, Y. 2015. The triple layered business model canvas: a tool to design more sustainable business models. ARTEM Organizational Creativity International Conference. Nancy, France.

Model Questions

Q.1. What are the two major categories of business models in waste management, and how does it address the limitations of the existing waste value chain?
Q.2. Do you think, circular economy is an alternative to achieving sustainability? How?
Q.3. Illustrate the various technological approaches of generating energy from waste.
Q.4. Explain a central government's programme for funding waste to energy projects.
Q.5. What do you understand triple bottom line of waste management?

Reading Materials

- Global Waste Management Outlook, UNEP
- https://www.iswa.org/fileadmin/galleries/Publications/ISWA_Reports/GWMO_summary_web.pdf World Bank news article, http://www.worldbank.org/en/news/feature/2016/03/03/waste-not-want-not-solid-waste-at-the-heart-of-sustainable-development
  Recycling of Waste in Brazil, The Brazil Business, May 2015
  http://thebrazilbusiness.com/article/recycling-of- waste-in-brazil
- Financial sustainability in municipal solid waste management – Costs and revenues in Bahir Dar, Ethiopia, Science Direct, February 2014
  http://www.sciencedirect.com/science/article/pii/S0956053X1300500X
- Factors influencing solid waste management in the developing world, Utah State University, 2015
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- Planning Commission Report of the Task Force on Waste to Energy
- http://planningcommission.nic.in/reports/genrep/rep_wte1205.pdf
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Block 4

Services Marketing

Swachhta Action Plan

Mahatma Gandhi National Council of Rural Education

Department of Higher Education

Ministry of Human Resource Development, Government of India

Hyderabad - 500004

सत्यमेव जयते

Where there is Rural Wellbeing there is Universal Prosperity

Contents

Chapter 1 Understanding Service Products

This chapter exercises the importance of the services in the present time economy. The chapter starts with defining the services and present time requirements from the industry to the users of services. The chapter also addresses the nature of services and value can be created for customers, without even changing the physical ownership. The basic classification of services, in four different categories was also addressed through this chapter. Later part of the chapter includes the traditional and extended marketing mix with the framework for developing effective marketing strategies.

Objectives

When you read this chapter its end, you should be able to:

- Define and clearly understand that - what are services? Why they are important? How they are delivered?
- Explain why service are crucially important to the success of a country's economy.
- Understand the reasons that make the work of service employees demanding, challenging, and often difficult.
- Explain the critical success factors in which service employees need to work.
- Distinguish how to motivate and energize service employees so they can deliver superior service experience.

1.1 Introduction

Because of the assortment, services have conventionally been difficult to define. The way in which services are prepared and distributed to consumers is often hard to grasp since many inputs and outputs are intangible. Generally, most of the people have little difficulty defining manufacturing or agriculture, but defining service can elude them. Following are few approaches (definitions) that capture the essence of the word:

(i) Other definition by **American Marketing Association** has distinct services as “activities, benefits or satisfactions, which are offered for sale or provided in connection with sale o goods”.

(ii) Social definition of services marketing – “Marketing is a societal process by which individuals and groups obtain what they need and want thru creating, offering and freely exchanging products and service of value with others”.

(iii) **Robert Judd** defined services as “a market transaction by an enterprise or entrepreneur, where the object of market transaction is other than the transfer of ownership of a tangible commodity”.

(iv) **Blois** defines services, as “a service is an activity offered for sale which yields benefits and satisfactions without leading to physical change in the form of a good”

(v) **Kotler and Bloom** defines services as “an activity or benefit that one party can offer to another that is essentially intangible and dos not result in the ownership of anything. Its production may not my not be tied up to a physical product”.

(vi) According **Gronross** “a service is an activity or series of activities of more or less intangible in nature that normally, not necessarily, take place in interactions between the customer and the service employees and/or physical resources or goods and/or system of the service provider, which are provided as solution to customer problems.”

(vii) **Gummesson** humorously says, “Services is something which can be bought and sold but which you cannot drop on your foot”.

Services are those activities which satisfy wants. Some services are offered individually while some others are offered as a supplement to a product purchased or a major service consumed by the customer.

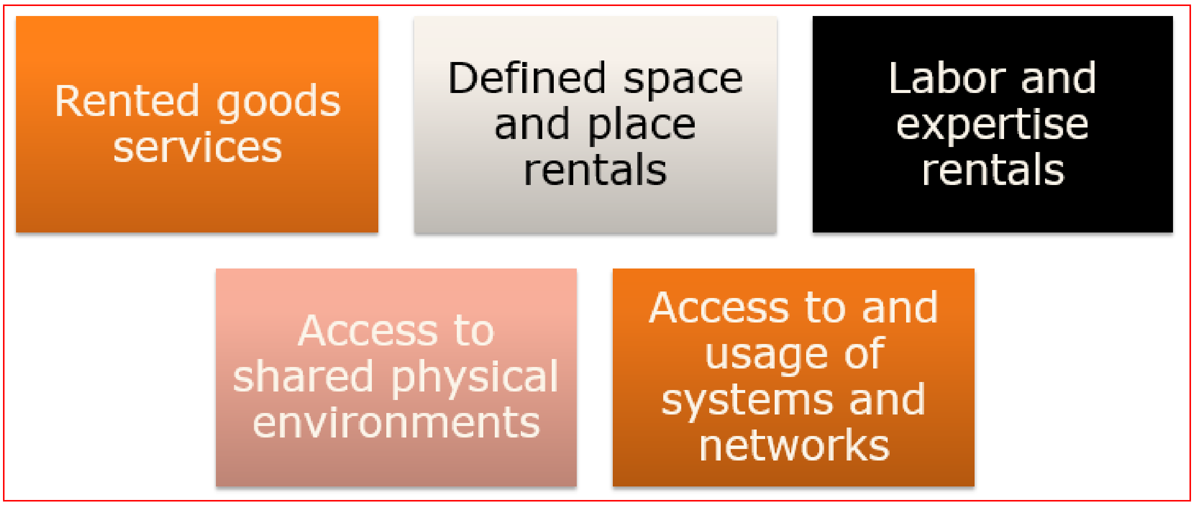

Figure 1.1: What are services?

Difference between goods and services

Goodscan be described as an tabgible objects and services are actions or performances, primarily intangible offerings. Researches into services needs to focus particularly on four generic differences, referred to as intangibility, heterogeneity (or variability), perishability of output, and parallelity of production and consumption. Although these features are still cited, they have been carped for over-simplifying the real world environment. They have list of nine basic differences that can help us to differentiate the tasks associated with services marketing and management from those involved with physical goods.

(i) **Nature of the product:** According to Berry, goods can be physical objects, equipment, devices, or things, whereas services can be deeds, performances, activities, experiences. In most cases the market offerings are some grouping of the two or more in different proportions.

(ii) **Problems in quality control:** The intangible nature of the services makes it difficult for the quality definition, measurement, setting standards and delivery. In fact, they are all inside the mind of the customer, which varies from person to person according to their awareness.

(iii) **Involvement of customer in production and delivery:** Goods are produced and stored till some buyers buy them. In contrast most services are designed, produced and delivered in the presence of buyers according to their need and order. So not only the purchasers decide the quality and other attributes of a service, they also influence or create an environment for the delivery with interaction with the servers. This may be pleasant / favourable or unpleasant / unfavourable which again tell upon the final quality of the delivery. To remove the interaction with the servers and to enhance the buyer involvement, today many automations have taken place, like ATMs, Tele banking etc.

(iv) **Absence of inventories:** Services can not be kept unlike goods, when demand is less more goods can be shaped and stored to meet the increased demand at a future date. Services are not accessible later if they are not utilized at the time of availability.

(v) **Structure and nature of distribution channels:** For the goods there are delivery channels which make them available with the buyers. But services normally do not have one as these are consumed at the time and point of production, so this is like direct marketing of goods.

(vi) **Importance of the time factor:** Many services are delivered in real time. Customers have to be physically present to obtain service from organizations such as airlines, hospitals, haircutters, and restaurants. There are limits as to how long customers are willing to be kept waiting and service must be delivered fast enough so that customers do not waste time receiving service.

(vii) **Harder for customers to assess:** Most physical goods tend to be relatively high in "search attributes". These are physiognomies that a customer can determine prior to buying a product, such as color, style, shape, price, fit, feel, and smell. Other goods and some services, by contrast, may emphasize "experience attributes" that can only be discerned after purchase or during consumption. Finally, there are "credence attributes"—characteristics that consumers find hard to assess even after consumption.

(viii) **Customers do not get ownership:** Perhaps the important distinction between goods and services lies in the fact that customers typically derive value from services without obtaining enduring ownership of any considerable tangible elements. In many instances, service marketers offer customers the chance to rent the use of a physical object like a car or hotel room, or to hire the labour and skills of people whose knowledge ranges from brain surgery to knowing how to check-in the customers into a hotel.

(ix) **Difficulty in Evaluating Service Quality:** It's very difficult to assess or evaluate a service before consuming or experiencing it. The best method existing for this purpose is to go by others who have used the service – word-of-mouth, opinion of the Experiences. But again the experience or the level of satisfaction varies from person to person, so one has to be careful in selecting.

Activity 1: Observe the video and try to understand the employment or business opportunities Title: Waste management: India's need of the hour

Scan the QR code for watching the Video

Importance of services in economy

Why it is important to learn about services marketing, service quality, and service management? Many forces have led to the development of services marketing, and many industries, companies, and individuals have defined the room of the concepts, frameworks, and strategies that define the field.

The services sector if marketed in a right fashion contributes substantially to the process development. The speed of scio-economic transformation can be increased sizeable. This can be helpful in the innovative marketing principles are practiced. If we market the services in a right way, the available chances can be capitalised on optimally. It is against this background that make an advocacy in favour of services marketing. The following facts are staunch testimony to this proposition that an optimal development of services sector would pave avenues for the development of national economy.

(i) **Creation and increase of job opportunities:** The mounting problem of unemployment specially in the Indian perspective make it essential that whatever the development of plans we formulate are instrumental in creating and expanding the job opportunities. We can't deny that the development of services sector would open the doors, search new vistas for the growth of even those sectors which have either remained unused or have partially been tapped. If we turn our eyes on the different components of services sector, such as personal care services, education services, Medicare services, communication services, tourism services, hospitality services, banking services, insurance services transportation services consultancy services and even other services.

(ii) **An optimal utilization of resources:** The most important thing in the expansion process Is to make possible an optimal growth of the different types of properties available in a country. Since we have been facing the problem of a non-optimal socio-economic structure, it is relevant that we make an assault on the misuse of resources. We find the services marketing important since this sector of the economy if marketed properly regulates the unproductive use of resources. By marketing services, we prefer to use resources which remains unutilised or under utilised generally found to be burden on the exchequer.

(iii) **Paving avenues for the creation of capital:** To energise the process of development, it is essential that we speed up the procedure of capital formation so that the problem of insufficiency of financial resources is minimised. It is against this related that we need to assign due weightage to the growth of services sector.

(iv) **Increasing the slandered of living:** The philosophy of expansion is coiled in the essence of improving the living situations of masses which in turn help increasing the slandered of living. If we offer quality living settings for the masses, the faculty of development would be proved to be productive. The development of services generating organizations inform and sense the customers in a right fashion.

(v) **Environment friendly technology:** We find use of technologies even in the services sectors wise almost all the services are now found technology-driven. To be more precise the developed countries have been found active on the same. There is no doubt in it that we find a start even in the Indian condition but it is at the nascent stage. The basic difference that we find in the nature and types of technologies used in managing and offering the services is its insignificant or even dismal negative effective on the atmosphere.

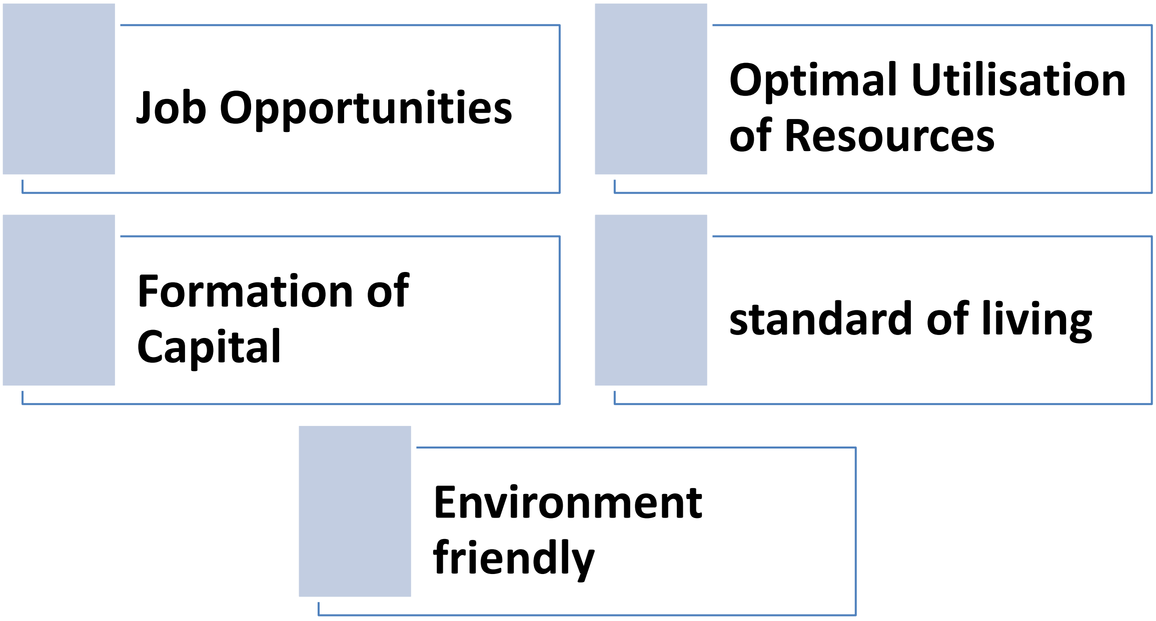

Figure 1.2: Why services are important for economy?

Factors influencing growth of service sector

We all know that the services sector is growing very fast. Following are few reasons behind growth of services sector:

(i) **Demographic Changes:** Three basic phases relevant in the growth of services are:

(a) Reduction in the rate of death, infant death and fertility, as a result the target audience increases for services marketing.

(b) Upsurge in the proportion of the young people, and if they get employment then they will have more disposable income to purchase services, and also can be hired in service industry.

(c) Finally, people live longer; we have more ageing people to whom services can be marketed, because they have the need and paying capacities.

(ii) **Economic Changes:** There are two important aspects related to the economic change:

(a) After the WW-II, there were stabilisations of political activity, more pieces, and due to the technological progressions during the war, the economy of domestic improved.

(b) Then the globalisation and liberalisation comes where MNCs opened shops in India and Indian companies started going abroad.

(iii) **Technological Changes:** Probably, the single most important factor is the technological advancements which revolutionised both the products and services sectors.

(iv) **Political and Legal Changes:** This is more visible in the cases of formerly USSR, the country makes improvements in their economies.

(v) **Policy Changes:** The Govt. is the policy makers of a country, and the policies have a major impact on the development of the country. This may happen slowly or rapidly, according to its favorable nature to the population in general and development partners in particular. In India it happened slowly, like some sectors were opened to private ownership, globalisation, liberalisation, decontrol, EXIM policies, GATT etc.

Contribution of services towards GDP of economies

For economic perspectives, the figure below becomes important. It shows that how services are contributing towards their GDP in different countries.

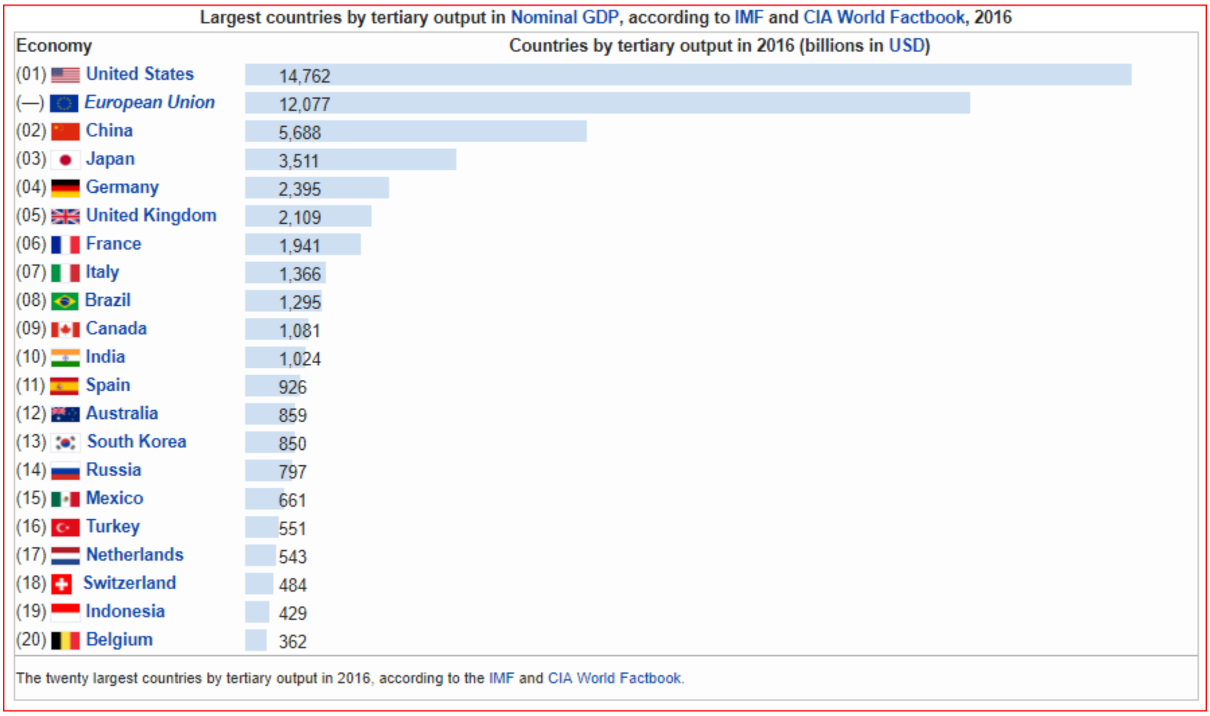

Figure 1.3: How services contributes towards the GDP in different countries?

Powerful forces transforming service market/ Service environment

We know that, the service sector is in an almost endless state of change. What are the forces that drive its growth, shape its configuration, and determine the basis for race? They can be divided into five broad groups: i) government policies, ii) social changes, iii) business trends, iv) advances in information technology, and v) internationalization and globalization.

(i) **Government policies:**Actions by Governmental Agencies (GA) at any levels continue to shape the structure of the service industries and the terms under which opposition takes place. Conventionally, many service industries were highly regulated. GA mandated price levels, placed constraints on delivery strategies, and, in some cases, even defined the attributes of the products. Since the late 1970s, there has been a trend in the US and Europe toward complete or partial deregulation in major service businesses.

(ii) **Social changes:**The need for consumer services—and the methods in which people use them—have been powerfully influenced by a host of social deviations. More people are living alone than before and there are more households containing two working adults; as a result, more people find themselves petite on time. They may be obliged to hire firms or individuals to perform tasks like housecleaning, laundry, childcare, and food preparation that were usually performed by a family member. Increasing prosperity gives people more disposable income and there has been an pragmatic trend from purchasing new physical belongings to buying services and experiences.

(iii) **Business trends:** Changes have befell in service firms' hiring practices. Many service industries were much inbred. Managers inclined to spend their entire careers employed within a single organisation. Each industry was seen as unique and strangers were suspect. Relatively few managers possessed graduate degrees in business although they might have held an industry-specific qualification in a field such as hotel management, waste management, or health care administration.

(iv) **Advances in IT:** New and improved machineries are radically changing the ways in which many service organizations makes the business with their customers. They are also modifying what goes on behind the curtailes. Many types of technology have important implications for service, including biotechnology, materials technology, physical design technology, power and energy technology, methods technology, and information technology. In some cases, technology enables service firms to substitute automation for service personnel.

(v) **Internationalisation:** The internationalization of service sector companies is readily apparent to any tourist or business executive traveling overseas. More services are being delivered through national or may be global chains. Brand names such as Air Canada, McDonalds, Burger King, Barsihta, Hertz, Kinko's, and Marriott Hotels have spread far from their original roots. Such chains are entirely company owned. In other instances, the creator of the original concept has come in into partnership with/ without outside investors. Airlines and airfreight companies that were formerly just domestic in scope now have wide foreign route networks.

(vi) **Managing in changing environment:** It has been said that the only person in the world who really appreciates a change is a wet baby. On the positive note, these changes are likely to increase the demand for services, and the opening of the service sector means that there will be greater competition for that demand. In turn, more competition will stimulate innovation, particularly through the application of new and improved technologies.

Activity 2: Observe the video and try to understand the actual situation in Indian context

Scan the QR code for watching the Video

Title: Satyamev Jayate Season 2 | Don't Waste Your Garbage

Features or characteristics of services marketing

Services have some features which necessitate a new vision, a distinct approach and a world class professional excellence to market effectively and profitably. The professionals are not well aware of the properties find it difficult to make creative decisions. It is against this background that we go through the salient features with the viewpoint of their instrumentality in making the marketing decisions. Following are characteristics:

(i) **Intangibility:** When you buy a cake of soap, you can see, feel, touch, smell and use it to check its effectiveness in cleaning. But when you pay fees for a term in college, you are paying for the benefit of deriving knowledge and education which is delivered to you by teachers. In contrast to the soap where you can immediately check its benefits, there is no way you can do so in case of the teachers who are providing you the benefits. Teaching is an intangible service. In this case the service has both a tangible and intangible aspect as compared to teaching which has hardly any tangible aspect. Figure belowpresents the tangible-intangible dominant aspect on a goods-service continuum. This continuum highlights the fact that most services are in reality a combination of products and services having both tangible and intangible aspects. There are only a few truly pure tangible products or pure intangible services.

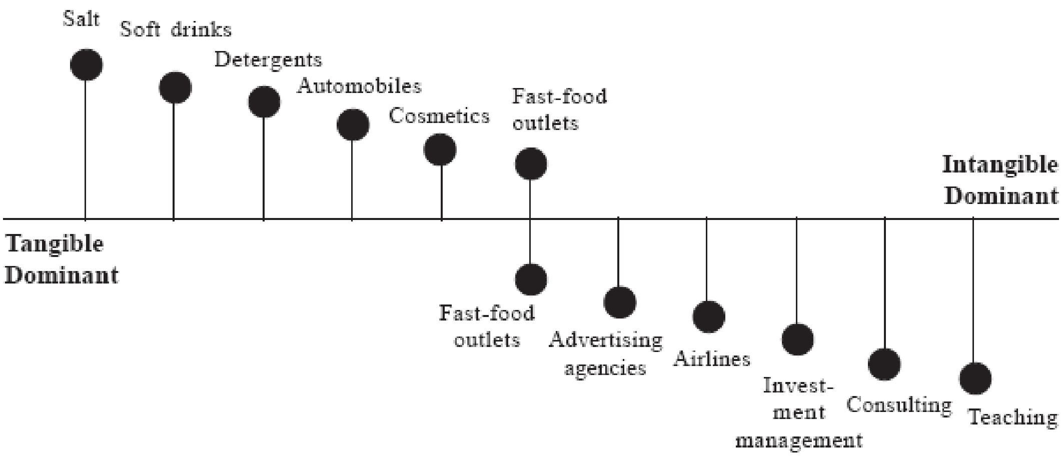

Figure 1.4: Goods and services Spectrum

The distinguishing feature of a service is that its intangible aspect is dominant. J. Bateson has described the intangible characteristics of services which make them distinct from products[4]. These intangible features are:

(a) A service cannot be touched

(b) Precise standardisation is not possible

(c) There is no ownership transfer

(d) A service cannot be patented

(e) Production and consumption are inseparable

(f) There are no inventories of the service

(g) Middlemen roles are different

(ii) **Inseparability:** In most cases a service cannot be separated from the person or firm providing it. Aservice is provided by a person who possesses a particular skill (singer). A waste collector has to be physically present to provide the service; the driver has to be available to drive a wagon.

(iii) **Heterogeneity:** Normally machines manufacture the physical goods which can be controlled or programmed to produce the products of similar or same quality parameters. But as the service involve persons directly, it is difficult to maintain the level of uniformity. This varies from time to time, place to place, mood to mood, condition to condition, etc. Sometimes this heterogeneity can be productively used for differentiating services for discerning and general customers.

(iv) **Perishability:** Services cannot be stored and are perishable. A car mechanic who has no cars to repair today, spare berths on a train or unsold seats in a cinema hall represent a service capacity which is lost forever. Apart from the fact that a service not fully utilised represents a total loss, the other dimension of this perishability aspect is that most services may face a fluctuating demand.

(v) **Ownership:** When you buy a product you become its owner-be it a pencil, book, shirt, refrigerator or car. In the case of a service, you may pay for its use but you never own it. By buying a ticket you can see the evening show in the multiplex theatre. In case of a service, the payment is not for purchase, but only for the use or access to or for hire of items or facilities.

Figure 1.5: Features of services

Industries or the Service Sector?

According to the Economic Survey, 2016-17, Vol.2 "The services sector remains the key driver of India's economic growth, contributing almost 62 per cent of its gross value added growth in 2016-17. However, the growth of this sector has moderated to 7.7 per cent in 2016-17 compared to 9.7 per cent achieved in the previous year, though it continues to be higher than the other two sectors, agriculture and industry and nearly at the top among the 15 major economies. Services export growth decelerated sharply in the post crisis period, even turning negative in 2015-16 before returning to positive territory in 2016-17 with a tepid growth. The Government has initiated a number of schemes for different services like promoting digitalization, tourism and shipping related policies. These coupled with policies like GST and FDI liberalization have brightened the growth prospects for this sector."

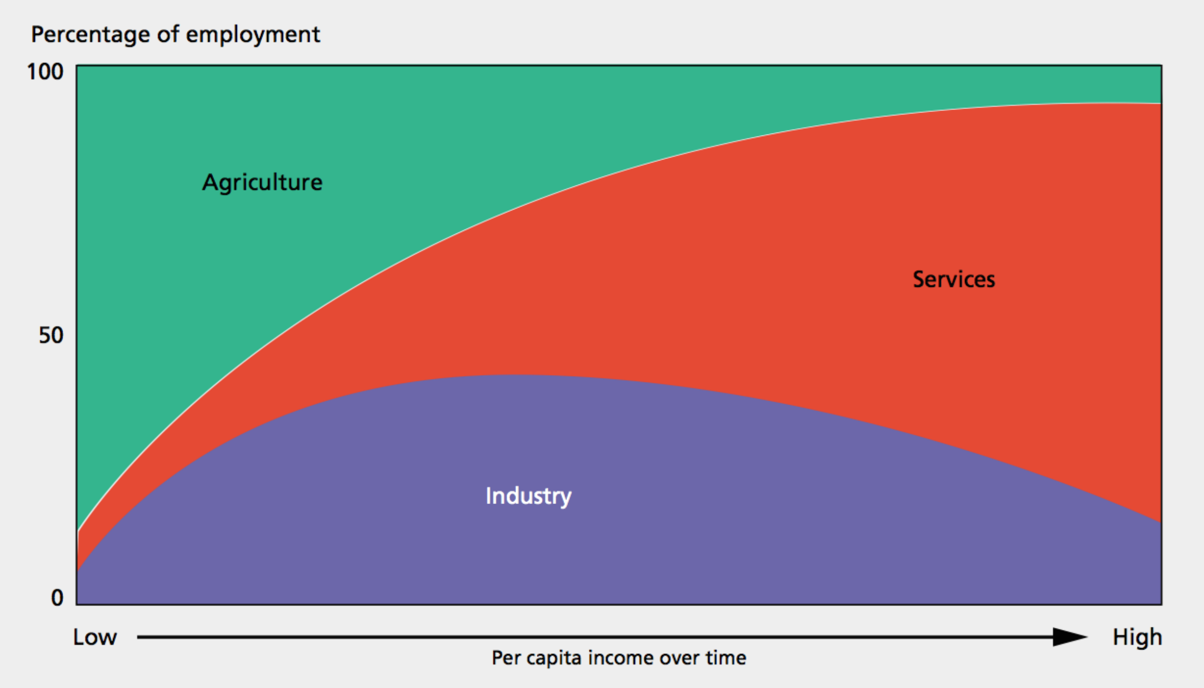

Figure 1.6: The comparison among the percentage of employment and per capita income, over the time

The above illustration through the figure, is self-explanatory to make decision on, that where we should move for the employment or business opportunities.

Activity 3: Food for the mind

Think about different businesses and their priority sector of investment too.

Where the investors want to invest their money?

How slowly manufacturing has transformed to services?

1.2 Four broad categories of services-A service perspective

The classification of services is always difficult. Based on differences in nature of service, i.e., tangible and intangible; and who or what is direct recipient of service, i.e., people and possessions. Broadly, there are four categories of services:

- People processing
- Possession processing
- Mental stimulus processing
- Information processing

Processing involving people

Some of the most common or frequently used service processing required involvement of the people. Ex. Medical care, hotel, beauty parlour, passenger transportation, fitness centres (i.e., gym, yoga centre) are all examples of service processing involving directly the end customer.

Customers' physical presence or involvement is essential in delivering these types of services processing.

Processing involving objects

When physical presence of customer is not necessary, then it is a type of service process involving objects. Ex. repair and maintenance work, laundry or dry cleaning, warehousing, recycling of waste, are processes where the input or instructions are from the customer, but the processing does not require the customer's presence.

Mental stimulus

Only mental simulation involved. As this is very hard to be measured, because it is classified as purely intangible offer to the market. Theatre performance is one such service which can be intangible. In a class, each of your student will be perceive it differently. Some may get highly influenced and some may be dissatisfied with the class. This class can be broadcasted through the internet.

Overall, the customer's physical presence is not required and not even an object of the customer is required.

Information processing

Where information is being processed and there is nothing other is involved in processing. Before every bank transaction you need account number, IFSC code, name of customer, and may be other set of information. No need of receivers and senders' physical presence. In this case, neither customer nor the representative of customer is needed to be present. Only the information is required. Hence it is information type of service processing.

Some examples of service processing where only information is processed are Banking, KPO's, website development, research consultancy, coding-programming, and several others. In fact, since the phenomenal growth of the internet, information assimilation has become a very big business.

Nature of the Service Act	Who or What Is the Direct Recipient of the Service?	
	People	**Possessions**
Tangible Actions	**People processing** (services directed at people's bodies): • Hairstylist • Passenger Transportation • Health Care	**Possession processing** (services directed at physical possessions): • Freight Transportation • Laundry and Dry Cleaning • Repair and Maintenance
Intangible Actions	**Mental stimulus processing** (services directed at people's mind): • Education • Advertising PR • Psychotherapy	**Information processing** (services directed at intangible assets): • Accounting • Banking • Legal Services

Figure 1.7: Four broad categories of services: some examples

Activity 3: Observe the video and understand the Start Up opportunities, related to Waste Management in India

Scan the QR code for watching the Video

Title: Waste Management Industry in India – Startup Yo

1.3 Services pose distinct marketing challenges

In case of services, where no physical ownership takes place, the concepts and practices developed for manufacturing companies does not work directly. The services have different features in comparison of goods. The four basic characteristics of services works behind this. In shot **IHIP**, can be abbreviated as Intangible, Heterogeneous, Inseparability, and Perishability. It can be said that marketing management tasks in the service sector are different from the manufacturing sector. The eight common challenges can be understood as:

- Most of the service products cannot be inventoried, after the production;
- Intangibility usually dominates value creation or standardization;
- Services are often difficult to envision, understand, imaging, and pre-look;
- Customers are, generally, involved in production or may be co-producing;
- People are generally, part of the service experience;

- Operational inputs and outputs (in case of involvement of people) tend to vary more widely;
- The time factor frequently assumes great importance; and
- Distribution may take place through nonphysical or non-personal channels.

Table 1.1: Managerial implications of eight common features of services

Differences	Implications	Marketing related activities
Most of the services cannot be inventoried, cannot be stored	Customers may be turned away	Use pricing, preferment, reservations to smooth demand; work with ops to manage capacity
Intangibility usually dominates standardization	Harder to evaluate service & differentiate it from competitors	Emphasize physical clues, employ metaphors and bright images
Services are often difficult to understand, imaging, and pre-look	Greater risk & uncertainty perceived	Educate customers on making better choices
Customers are, generally, involved in production or may be co-producing	Interaction between consumer & provider; but poor task execution could affect the level of satisfaction	Develop user-friendly equipment, facilities & systems; train consumers, enable good support
People may be the part of service experience	Behavior of service executive & customers can affect satisfaction	Recruit, train employees to reinforce service concept Shape customer behavior
Operational inputs and outputs (in case of involvement of people) tend to vary more widely	Hard to maintain quality, consistency, reliability	Redesign for simplicity and failure proofing
The time factor frequently assumes great significance	Time is money; consumers want service at convenient times	Find ways to compete on speed of distribution; offer extended hours
Distribution may take place through nonphysical or non-personal channels.	Electronic channels or voice telecommunications	Create user-friendly, secure portals and free access by mobile application

1.4 The traditional marketing mix and an extended marketing mix for designing the customer interface

Generally, when dealing with the market manufactured goods, marketers address the basic strategic elements, i.e., Product, Price, Place (for distribution), and promotion (for communication). These are popularly known as 4 Ps or Marketing Mix. In previous section 1.7 it has been discussed that nature of services sector indicates different type of challenges to marketers. Therefore, **4 Ps** of goods marketing are not sufficient enough to deal with the challenges and issues for services marketing.

The traditional approach does not deal with the customer touch point, sometimes known as customer interface. That is why three additional Ps have been added to the traditional marketing mix. These Ps are associated with service delivery, they are Process, Physical Evidences (Environment), and People. They have become very popular by the name of **7 Ps** of services marketing.

Product

- Services are at the heart of services marketing policy
- Marketing mix begins with making service concept that offers value
- Service product contains of core and supplementary elements

Price

- From the firm's perspective, pricing makes income and creates profits
- From the customer's viewpoint, pricing is key part of costs to got wanted benefits
- Marketers must know that purchaser costs involve more than price paid to seller
- Identify and curtail non-monetary costs experienced by users:
- Revenue management is an significant part of pricing

Place

- Service delivery can take place through physical and non-physical channels
- Some companies can use electronic channels to deliver all (or at least some) of their service elements
- Information-based core services can be carried almost instantaneously electronically
- Delivery Decisions: Where, When, How
- Time is of great rank as customers are physically present
- Convenience of place and time become significant determinants of effective service delivery

Promotion and Awareness

- Plays three energetic roles:
    - Provide evidence and advice
    - Encourages the target customers of value of service product or brand
    - Inspires customer to take exploit at specific time

- Consumers may be involved in co-production so:
    - Explain customer how to move effectively through the service procedure?
    - Shape customers' roles and cope with their behavior

Process

- How firm does' things may be as significant as what it does?
- Customers often aggressively involved in processes, especially when acting as co-producers of service
- Operational inputs and outputs vary more widely
- Customers are often involved in co-production
- Demand and capacity need to be balanced

Physical evidences

- Design servicescape and deliver tangible indication of service performances
- Manage physical cues carefully— can have profound impact on customer imitations
- Create and preserve physical appearances
    - Buildings/landscaping
    - Interior design/furnishings
    - Vehicles/equipment
    - Staff grooming/clothing
    - Sounds and smells
    - Other tangibles

People

- Interactions between customers and contact personnel strongly influence customer perceptions of service quality
- Well-managed firms devote special care to selecting, training and motivating service employees
- Other customers can also affect one's satisfaction with a service

Figure 1.8: Traditional marketing mix (4Ps) + extended marketing mix (3Ps) = 7Ps

Activity 4: Observe the video and understand the business model of Nitin Gadkari Ji. How he earns from Waste?

Title: Nitin Gadkari's Business Models Will Shock You

Scan the QR code for watching the Video

1.5 Framework for developing effective service marketing strategies

The 7Ps are acceptable for a wider range of services organisations. This section presents an integrated framework of effective service marketing strategies. These chapters could be the different sections for throughout the subject of marketing of services. There are five important elements of the effective strategies: i) understanding services offerings, consumers, and market structures; ii) applying the knowledge of extended marketing mix for marketing of services; iii) managing the customers' touchpoint or interface; iv) developing customer relationship; and v) striving for services excellence. Important thing to note here is that arrows in the figure shows their interdependence between the different sections. The decision of one section should be consistent for other section too. Therefore, each strategic area will mutually reinforce the rest sections.

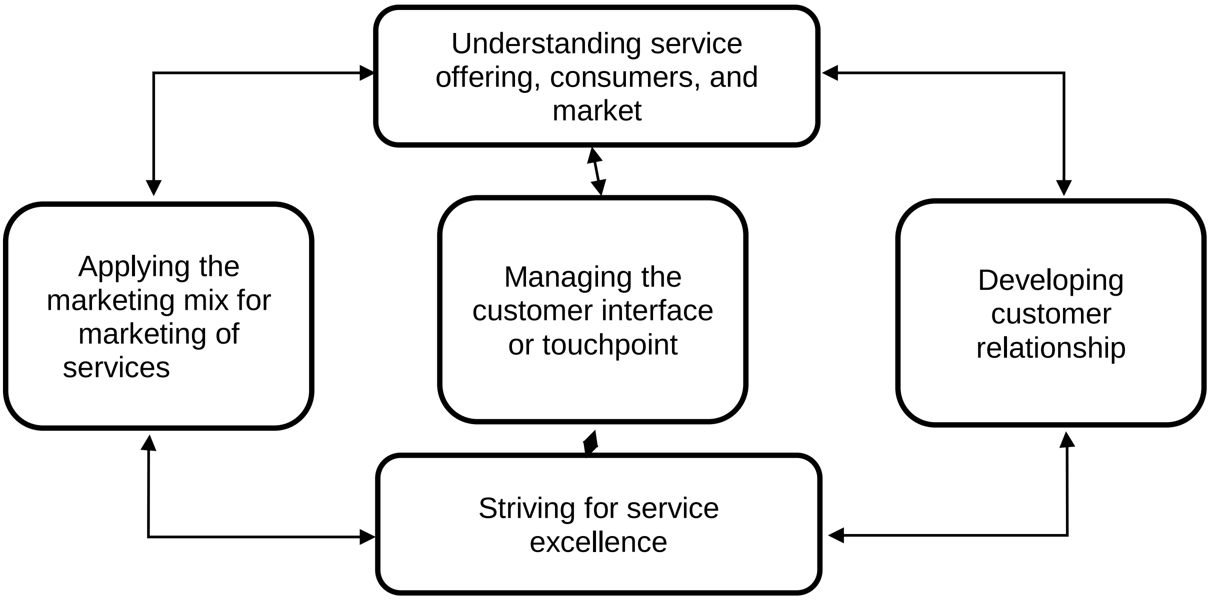

Figure 1.9: Integrated framework for delivering effective service marketing strategies

Model questions

Q. 1. What are services? Describe the concept with example.

Q. 2. What are the factors, which influence growth of services sector?

Q. 3. Distuiguish between goods and services?

Q. 4. What do you understand by marketing services? Explain salient features of marketing services.

Q. 5. Describe services marketing with its characteristics.

Q. 6. What are principles of services marketing?

Q. 7. Describe the significance of services marketing.

Q. 8. What are the basic four categories of services? Illustrate with examples from waste management.

Q. 9. How services pose distinct marketing challenges in comparison of manufacturing goods?

Q. 10. How to develop an effective service delivering model?

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Chapter 2 Understanding the consumers and market

We all purchase diverse services for different reasons. One individual may want to go to an eatery for good sustenance while the other may pick a restrictive eatery, for status. One individual may want to peruse 'The Times of India' promptly in the first part of the day, while the other may want to peruse a similar paper in the wake of returning from the workplace. There are ladies who don't go to magnificence parlors by any means, though there are other people who go normally. Additionally, there are numerous such models revealing to us that individuals show diverse conduct in purchasing and utilizing distinctive items and services.

Objectives of the Chapter

When you read this chapter, you will be able to:

- Understand the model of three-stage of service consumption.
- Understand the evaluation process of customer and how they choose between alternatives and service offerings.
- Know the *moment-of-truth.*
- Identify the insights for viewing the service encounter.
- How quality relates to consumer or customer loyalty.

2.1 Introduction

We all purchase diverse services for different reasons. One individual may want to go to an eatery for good sustenance while the other may pick a restrictive eatery, for status. One individual may want to peruse 'The Times of India' promptly in the first part of the day, while the other may want to peruse a similar paper in the wake of returning from the workplace. There are ladies who don't go to magnificence parlors by any means, though there are other people who go normally. Additionally, there are numerous such models revealing to us that individuals show diverse conduct in purchasing and utilizing distinctive items and services.

The control of advertising which helps in building up a more profound knowledge in these social contrasts is classified "Consumer Behavior". We have built up a thankfulness that the significance of promoting introduction is that a firm should point every one of its endeavors at fulfilling its clients. What's more, to keep clients fulfilled it ends up basic to have more profound information with respect to the conduct of the purchaser.

2.2 Consumer Behaviour in Service Context

Decision making roles

It is being stated, that for the buying choice some other individuals may likewise be included and they may have diverse tasks to carry out. Be that as it may, for the most part, and all the more regularly for administrations, both individual or hierarchical, these jobs are played by more than one individual. For an advertising individual, it is critical to realize who assumes what job in the buying choice, in order to adjust the administration group and special endeavors to these key players.

Reasonably, the purchaser basic leadership jobs are best shown by the accompanying precedent. At an ice cream parlor shop visited by a family to purchase bread, a kid approaches his folks for a sweet. The youngster turns into the 'initiator'. The mother recommends that just a single piece might be obtained of 'X' brand, she assumes the job of 'influencer'. The dad arranges for one bit of 'X' brand and pays for it, assuming the job of 'decider' and 'purchaser'. At last, the sweet is destroyed by the kid, which implies that he assumes the job of 'client'. In the buy of specific services, six particular jobs are played. These are:

- Initiator: The individual who has a particular need and proposes to purchase a specific administration.
- Influencer: The individual or the gathering of individuals who the leader alludes to or who prompt. These could be reference gatherings, both essential and auxiliary. It could be even auxiliary reference amass like an informal exchange or media, which can impact the leader.
- Gatekeepers: The individual or association or special material which go about as a channel on the scope of administrations which enter the choice decision set.
- Decider: The individual who settles on the purchasing choice, independent of whether he executes the buy himself or not. He may teach others to execute. It has been seen now and again, more regularly in household or family or individually related administrations, one individual from the family may rule in the buying choice.
- Buyer: The individual who makes the genuine buy or makes appointments for an administration like travel, lodging, medical clinic, indicative lab, and so forth.

- User: The individual who really utilizes or expands the item. It very well may be other than the purchaser. In various administrations, it has been seen that clients are likewise the influencers.

The quantity of people who assume these six unmistakable jobs isn't settled. On occasion, more than one people are included (as we have found in the above model) and now and again just a single individual assumes all the six jobs. For instance, while purchasing family unit basic supply things a housewife assumes every one of the jobs and makes the buys. In authoritative purchasing, the elements of these six jobs turn out to be vastly different and keeping in mind that pitching to an association due consideration ought to be taken in recognizing who is assuming what job.

Activity 1	
You are the sales manager for waste management company and the company has transferred you to a new city. You are planning to make a visit for institutional sales/ key account manager. Classify the people you would come across and also the roles they are likely to play.	______ ______ ______ ______ ______

Consumer Decision Making

The buyer's choice to buy or reject an item or administration is the snapshot of conclusive truth for the advertiser. It connotes whether the advertising system has been shrewd, smart, and viable, or whether it was half-baked and came up short. Advertisers are along these lines keen on the shopper basic leadership process by which a purchaser chooses one option among the part accessible. The choice not to purchase is additionally an option.

A straightforward shopper basic leadership display, as appeared in Figure 2.1, integrates the mental, social and social ideas into an effectively comprehended structure. The choice model has three particular segments information, procedure, and yield.

Info part of the model incorporates an association's promoting endeavors (showcasing blend exercises) which impart the advantages of the items and administrations to potential customers and the non-advertising socio-social impacts. Sociocultural impacts incorporate family, companions, social class, subculture, and culture.

The joined impact of association's promoting endeavors, the impact of family and companions, culture and so on influence what shoppers buy and how they use them. The procedure segments manage the purchaser basic leadership which includes needing acknowledgment, pre-buy pursuit and assessment of choices.

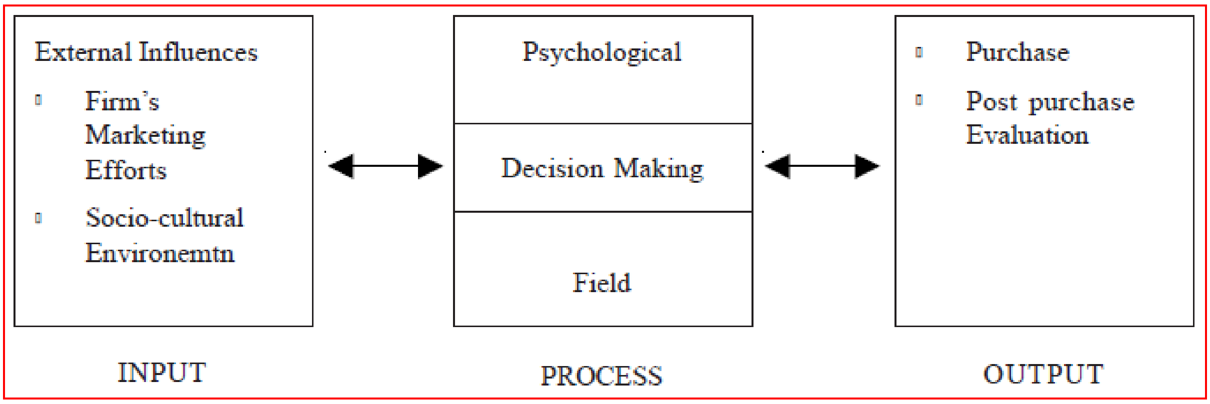

Figure 2.1: Input, Process, Output Model of Consumer Behaviour of Service Purchase

The basic leadership is influenced by the mental field, for example, the inner impacts. These impacts incorporate inspiration, observation, learning, identity, and demeanours. The yield bit of buyer basic leadership display incorporates two related exercises, for example, buy conduct and post-buy assessment.

A progressively exhaustive buy show was recommended by Fisk, who partitioned the buy conduct into three unmistakable stages viz. Pre-utilization Phase, Consumption Phase (Service Encounter) and Post-utilization Phase.

The principal arranges called the pre-buy organize incorporates exercises which happen before the genuine buy choice. These exercises are regularly called, issue/need acknowledgment, data seek on different options and assessment of choices to choose the best of them. At this stage, the individual perceives a need or issue whose arrangement ordinarily includes a potential buyer. He looks for data from different sources-both inside and outer and touches base at a lot of conceivable arrangements – 'The evoked set'.

The second stage is known as the utilization arrange. This emerges if the result of the pre-purchase organize is a choice to purchase a specific brand of service. In this stage, the desires for the pre-utilization arrange are contrasted and the genuine service conveyance. This stage is along these lines called the service experience to arrange. At last, the post-buy organizes, which results in a choice whether to buy a similar service again or not.

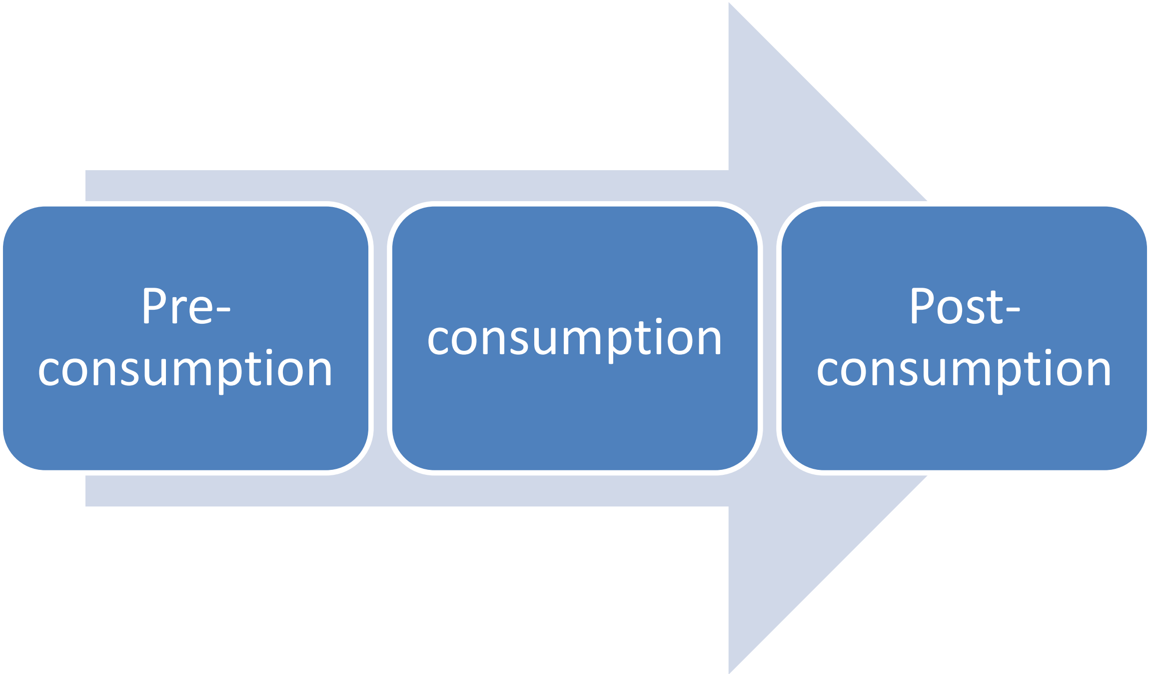

Figure 2.2: Three-stage model of consumer behaviour

The reasons why individuals purchase or the intentions of purchasing can be put into three classes, be specific: purchasers' objectives, needs, and convictions. To the extent general expectations are concerned, individuals like to be in great or positive conditions and not something else. They like to be rich and not poor, engaged and not exhausted, clean and not messy, sound and not debilitated, encouraged and not starved and so on. A progressively adequate and positive condition offers to ascend to a dream which the purchaser tracks in the example of procurement for a superior life.

This positive and favored vision in the quest for a better life is likewise called as the arrangement of objectives to which a purchaser endeavors. These arrangements of objectives, maybe, can't be accomplished at the same time and along these lines, needs are being defined to achieve these objectives. The other part of these objectives is that they additionally continue changing as the time passes, henceforth leaving an extension for the firm to impact the objectives of a purchaser.

	Stages of Service Consumption	Key Concepts
Pre-purchase Stage	**Awareness of need** • Information search • Clarify needs • Explore solutions • Identify alternative service products and suppliers **Evaluation of alternatives (solutions and suppliers)** • Review supplier information (e.g. advertising, brochures, websites) • Review information from third parties (e.g. published reviews, ratings, comments on web, blogs, complaints to public agencies, satisfaction ratings, awards) • Discuss options with service personnel • Get advice and feedback from third-party advisors and other customers **Make decisions on service purchase and often make reservations**	Need arousal Evoked set Consideration set Multi-attribute model Search, experience, and credence attributes Perceived risk Formation of expectations: desired service level, predicted service level, adequate service level, zone of tolerance
Service Encounter Stage	**Request service from a chosen supplier or initiate self-service (payment may be upfront or billed later)** **Service delivery by personnel or self-service**	Moments of truth Service encounters Servuction system Theater as a metaphor Role and script theories Perceived control theory
Post-encounter Stage	**Evaluation of service performance** **Future intentions**	Confirmation/ Disconfirmation of expectations Dissatisfaction, satisfaction and delight Service Quality Word-of-mouth Repurchase Loyalty

Figure 2.3: Detailed three-stage model of consumer behaviour (stages with key concepts' requirement)

Then again, needs to rise up out of the purchaser's objectives. To need a specific item or administration is only to have an inclination and want to utilize it or have it. With the end goal of accommodation, needs are ordered into two; standing needs and a present need. Standing needs are those needs which are identified with lasting objectives and the present needs are those mirroring our current conditions.

At this stage, an elucidation might be noticed that the necessities are basic to everything except needs are socially and socially situated. For instance, we all have the fundamental requirement for nourishment when we are ravenous while the decision of an eatery will be made by various individuals, in an unexpected way, keeping in view a lot of factors, similar to kind of sustenance, nature of nourishment, value, air, and so on.

Activity 2	
Reminding the activity 1. If the branch manager of this new office of waste management company is considering to give 'Corporate Card' to his executives, what decision process he will follow? Discuss.	....

2.3 Positioning services in competitive markets

Picking a brand name for a buyer item or administration is a standout amongst the most critical choices. A well-picked brand name can give various explicit points of interest to the association. These incorporate recommending item benefits, the inspiring sentiment of trust, certainty, security and improving shopping. Be that as it may, services marking has begun to get impressive consideration of late. The elusiveness factor related to services has prompted the recommendation that marking and picture creation might be considerably progressively basic for services. For a service brand to be viable it ought to have uniqueness, importance, and memorability.

Table 2.1: Top service brands of India, 2018 (Survey by the Times Group)

Rank / Category	Telecom	Airlines	Food services	Hotel	Pvt. Sector bank	Life Insurance
1	Jio	Indigo	Dominos	Taj	HDFC	SBI Life
2	Airtel	Vistara	McDonalds	Oberoi	Axis	LIC
3	Idea	Air India	CCD	ITC	ICICI	HDFC

Keeping in view the progress of the Indian economy to one which is ruled by services, The Economic Times in its review of India's most believed brands has begun including a different classification of administration brands. As indicated by its study of most confided in brands - 2018, the best services in various service classifications were as given in the table above. Then again rivalry in the claim to fame marked services depends on alternate components of the promoting blend including client service, publicizing, brand name and so on.

Services Positioning

Situating is the demonstration of structuring the organization's putting forth and picture to involve an unmistakable spot in the objective market's brain. This requires the organizations to look at their business sectors, decide the structure and nature of business sectors fragments. The different strides in deciding a situating plan include:

- Characterize a market's fragments
- Choose which fragment to target
- Comprehend what the objective shoppers expect and esteem
- Build up a service which takes into account these requirements
- Assess customer view of contending services
- Select a picture for the item coordinating the desire of the focused on shoppers
- Speak with the decided clients and make the item appropriate accessible.

You will welcome that service situating includes three essential advances for example Division, Targeting, and Positioning. The market division should be possible based on various factors like Geographic (locale, atmosphere and so on.), Demographic (age, family estimate, sex, salary, occupation, training, social class and so forth.), Psychographic (way of life, identity) and Behavioral (benefits, events of utilization, use rate and so on.).

Positioning Map

Positioning map (also known as, multidimensional scaling, perceptual mapping, attribute analysis, and importance-performance analysis in different situation) is the very powerful tool to visualise the competitive position. This is done with key aspects of strategies of services marketing. It is an important tool, to graphically observe the comparison of many providers on two more attributes. Market data, perception of consumers and a lots of data has been collected to draw a positioning map. Following is one example of cosmetics brands.

Figure 2.4: A hypothetical positioning map of cosmetics

Activity 3	
Scan the QR code, read the article, **20 Most Promising Waste Management Companies-2018**. List the names of 20 companies and their strategies to position themselves.	....

2.4 Segmentation and targeting

Segmentation

Segmentation is one of the most elementary concept in marketing management. Services firms need to offer wide varieties to their different types of customers. Therefore, it is very significant to not target whole market by a single product. May be your competitor is better in some segments. Every firm has to establish a strategy for devising their market. As they need to identify the segment, where they can deliver the superior services to their targeted consumers.

As per the needs, there could be many methods to segment a market, and experts use a combination of them. They could be:

- Demographic segmentation
- Psychographic segmentation
- Behavioural segmentation
- Need-based segmentation

Demographic segmentation: This is most frequently used segment, could be based on gender, age group, and income class. Moreover, this segmentation does not result anything very meaningful. The reason is, two individuals may behave differently in same situation, may be they belongs to same age group or income group.

Psychographic segmentation: This segmentation does produce more meaningful segments. Because this segment is based on the lifestyle, attitude and aspiration.

Behavioural segmentation: Generally, this segment is considered complementary to the psychographic segment. This segment observes the behaviour. i.e., light smoker, social smoker, chain smoker, and non-smoker.

Need-based segmentation: What customer is actually looking for, is measured in this type of segment.Customer may have multi-attribute decision models. E.g., time and quality conscious segment in competition of price conscious segment.

For improved understanding the example of Amazon.com has added below.

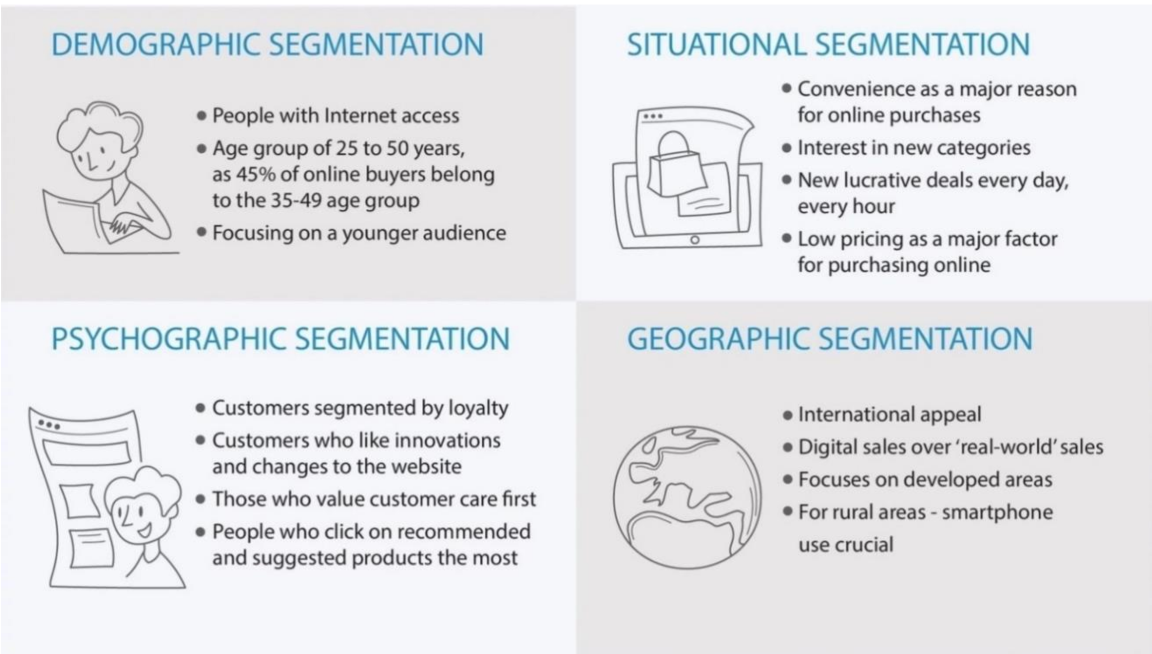

Figure 2.5: Amazon's consumer segmentation

Activity 4	
Consider these four conditions: Which criteria you will look for when you choosing a restaurant, for a dinner with: 1. During vacation with friends and family 2. Official meeting with business client 3. Take a quick meal, with an office colleague 4. See a girl, who may marry with you	……………………………………………………………… ……………………………………………………………… ……………………………………………………………… ……………………………………………………………… ……………………………………………………………… ……………………………………………………………… ……………………………………………………………… ……………………………………………………………… ……………………………………………………………… ………………………………………………………………

Targeting

We have completed two steps of STP (Segmentation, Targeting, and Positioning) model. The ultimate objective behind segmentation and positioning was to identify and setting the target. Through the chapter, it has been discussed to break the 3Cs (i.e., customer, competitor, and company). Targeting is all about the 1st C of the above model.

In case of services, getting yourself different from the competition is big challenge to every business. Service provider need themselves, perceived as different from others.

"A business must set itself apart from its competition. To be successful it must identify and promote itself as the best provider of attributes that are important to target customers"

-George S. Day

Targeting services market are possible through four focus strategies:

- Fully focused
- Market focused
- Service focused
- Unfocused

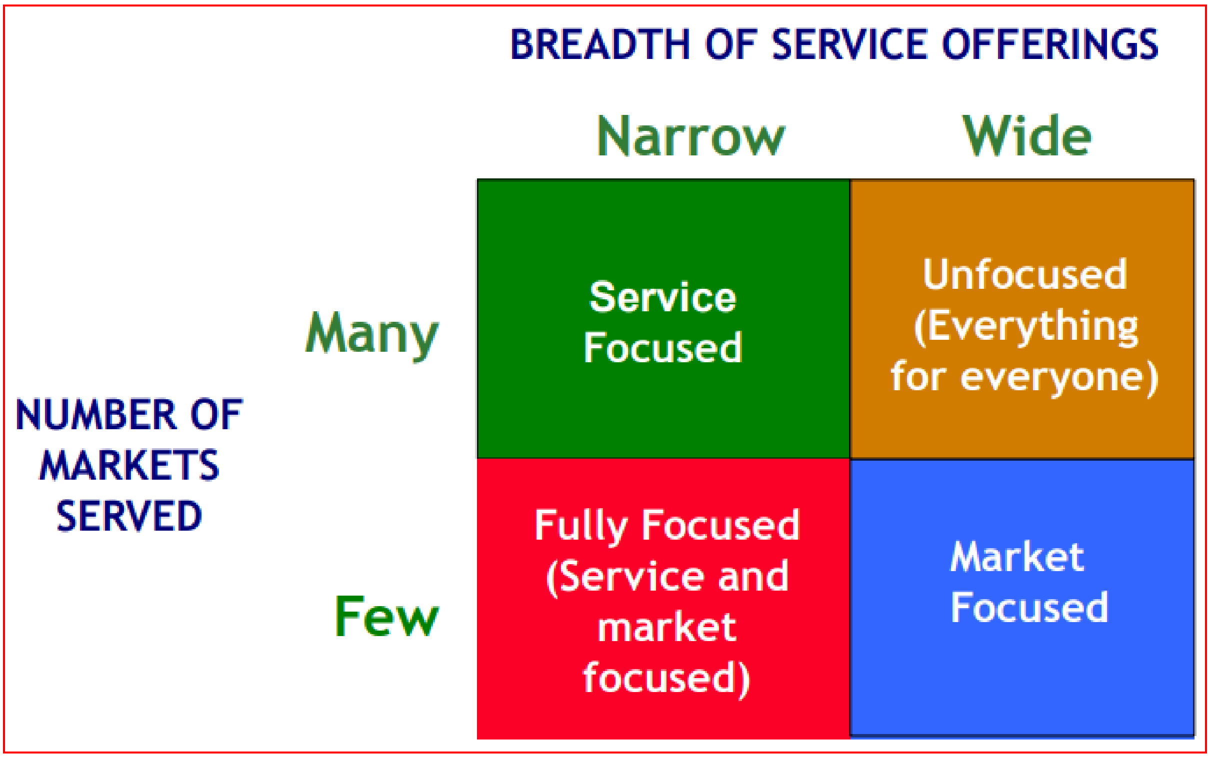

Figure 2.6: Basic targeting focus strategies for service providers

Fully-focused: These organisations offers a limited range of services. Sometimes may be single or limited up to two. They offer to a very narrow and specific market segments. While offering to niche market, they develop their expertise and may charge premium prices.

Market focused: In this segment a firm is offering multiple services, to a defined target segment or a specific segment of the market. The benefit is that the firm can sell its multiple services to one client. E.g., Ferns N Petals.

Service focused: These firms offers narrow range of services to a wider and broader market. Generally, B2Bs are the examples of these organisations. These firms need, larger sales efforts and a huge investment in the marketing communications.

Unfocused: The firms in this segment tries to serve a broader market and provide a wide range of services. They are selling everything to everyone. Which is why, these firms are "jack of all trades and master of none".

Why targeting is important?

Targeting in marketing is considered important because it's a part of a holistic strategy. It impacts advertising, as well as customer experience, branding, and business operations. When your firm is focuses on target market segmentation, you can do the following:

- Speak directly to a defined audience
- Attract and convert high-quality leads
- Differentiate your brand from competitors
- Build deeper customer loyalty

- Improve products and services
- Stay focused

2.5 Purchase model

For understanding the purchase decision model, we need to know the answer of following questions:

- What (service or product) is to be purchased?
- What is the objective (ultimate goal) to purchase?
- Who (customer or consumer) is purchasing?
- How (on-site or online) is the product purchased?

By knowing answers of these questions, we can pose our services are better in comparison of others. For answering the many, John Dewey proposed a model which has outlined the five stages of decision-making:

- A difficulty is felt
- The difficulty is located and defined
- Possible solutions are suggested
- Consequences are considered
- A solution is accepted

The model has been revised many times and got its final shape by Robinson, Faris and Wind in 1967. The revised model has again got five steps, which are illustrated in figure below.

Figure 2.7: Basic model for purchase-decision process

Problem or Need Recognition: The buying process starts when the buyer recognises a problem or need. The need can be triggered by internal stimuli such as hunger, thirst etc. or external stimuli such as looking at items in the shop, neighbour's purchase etc.

Information Search: Having recognised the need, the consumer will undertake a series of pre-purchase activities. The information search comes from two sources: an internal search (from memory), and an external search (from outside sources).

Evaluation of Alternatives: Through gathering information an individual comes to know about competing brands and their features. Having gone through the procedures of collecting information, whether by a lengthy search or by simply remembering all the necessary facts, the consumer will make a choice based on the collected information.

The following figure shows the successive sets in the consumer decision process for CTV purchase.

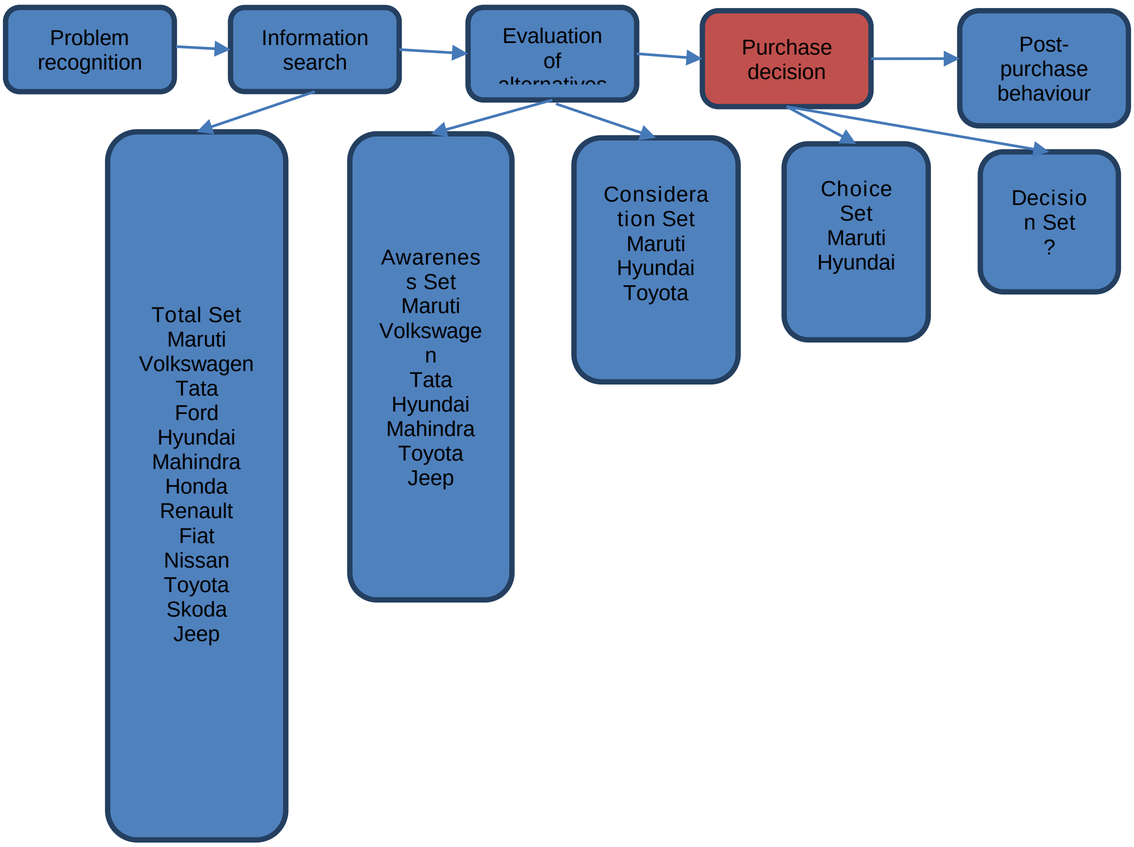

Figure 2.8: Successive sets for making a decision on purchase of car (products)

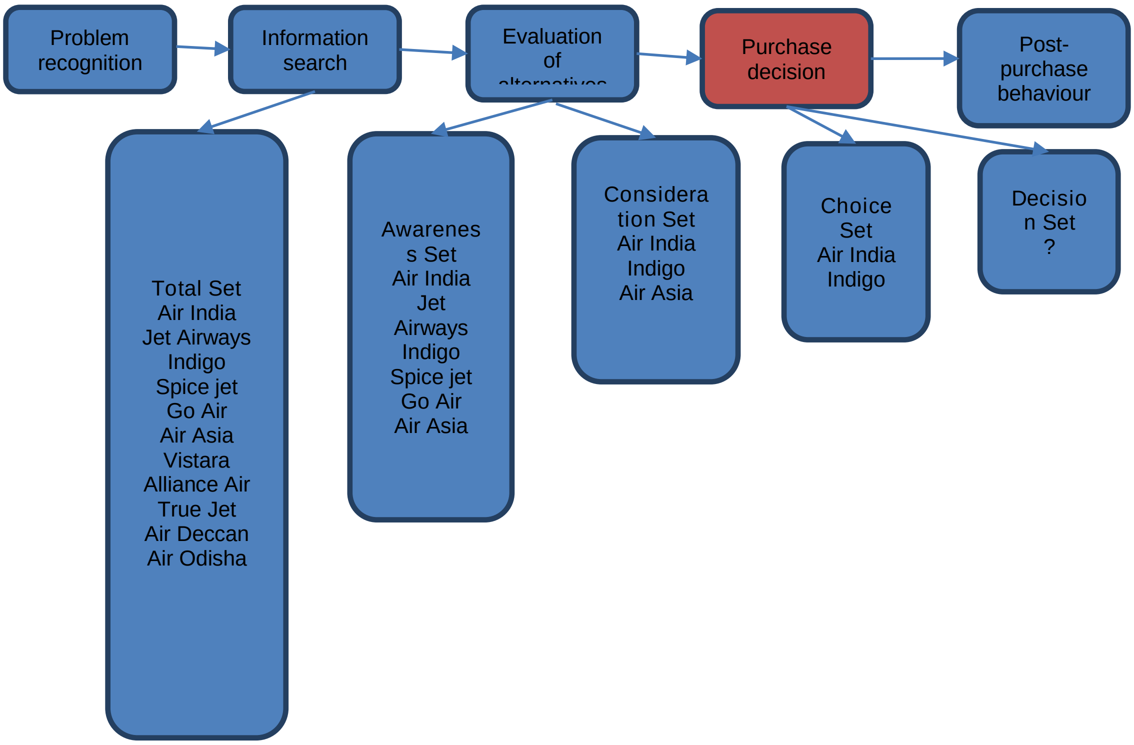

Figure 2.9: Successive sets for making a decision on purchase of air ticket (services)

In the figure above, the total set shows the service (name of brands) available to the consumer, awareness set demonstrations the brands known to the consumer out of total set, consideration set displays the brands which meet the initial buying filters and choice set contains the names of brands, which remains as strong contenders. Then the customer makes a final choice from this set.

Purchase Decision: In the evaluation stage, the consumer forms preferences among the brands in the choice set. The consumer may also form a purchase intention to buy the most preferred brand. However, two factors can intervene between the purchase intention and the purchase decision.

Post-Purchase Behaviour: After purchasing the product, the consumer will experience some level of satisfaction or dissatisfaction. The consumer will also engage in post-purchase actions and product uses of interest to the marketer. The marketer's job does not end when the product is bought but continues into the post-purchase period.

The Model of Purchasing a Service

When customers make a decision to buy a service to meet a need, they pass a complex purchase process. This process has three distinct stages, named as- the pre purchase stage, the service encounter stage, and the post purchase stage, each stage is again divided in two or more stages.

Pre Purchase Stage of Service

The main stage in the service buying process, where clients distinguish options, gauge advantages, and dangers, and settle on a buying choice. The choice to purchase and utilize a service is made in the pre-buy arrange. Singular needs and desires are imperative here in light of the fact that they impact what choices clients will consider. On the off chance that the buy is normal and generally okay, clients may move rapidly to choosing and utilizing a particular service supplier.

Be that as it may, when more is in question or service is going to be utilized out of the blue, they may lead a concentrated data to look. The subsequent stage is to distinguish potential providers and after that gauge the advantages and dangers of every choice before settling on an official conclusion.

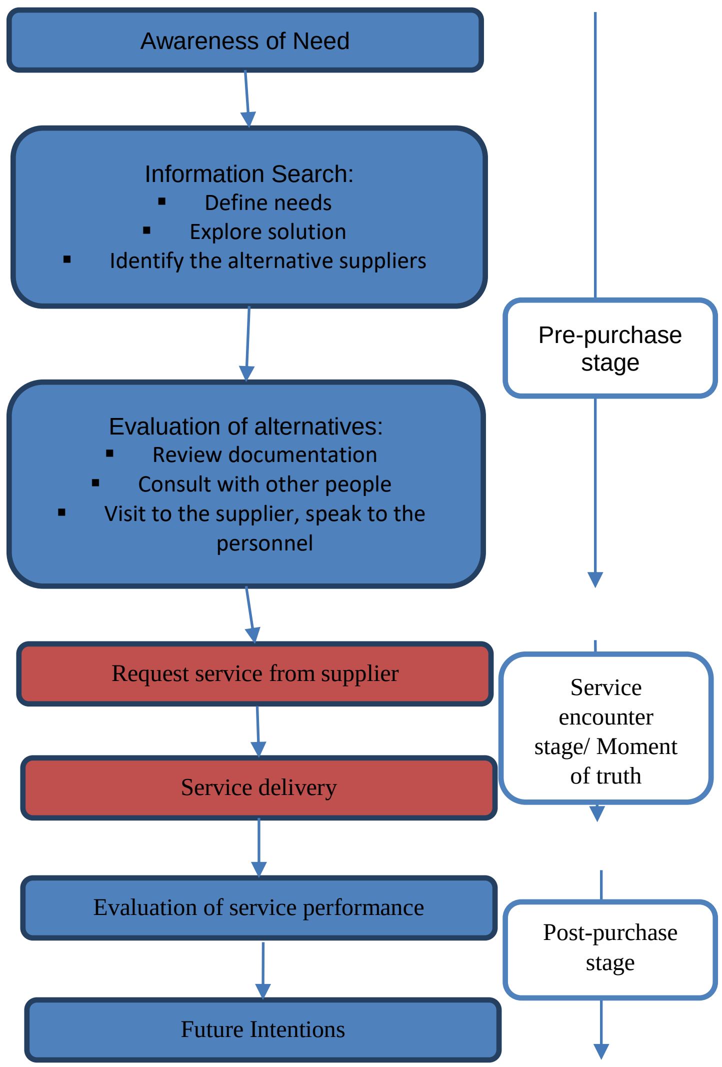

Figure 2.10: The purchasing models for services

Service Encounter Stage

After deciding to purchase a specific service, customers experience one or more contacts with their chosen service provider. The service encounter stage often begins with submitting an application, requesting a reservation, or placing an order. contacts may take the form of personal exchanges between customers and service employees, or impersonal interactions with machines or computers. In high contact services, such as restaurants, health care, hotels, and public transportation, customers may become actively involved in one or more service processes. Often, they experience a variety of elements during service delivery, each of which may provide clues to service quality.

Post purchase Stage

During the post purchase stage, customers continue a process they began in the service encounter stage—evaluating service quality and their satisfaction/dissatisfaction with the service experience. The outcome of this process will affect their future intentions, such as whether or not to remain loyal to the provider that delivered service and whether to pass on positive or negative recommendations to family members and other associates.

Customers evaluate service quality by comparing what they expected with what they perceive they received. If their expectations are met or exceeded, they believe they have received high-quality service. If the price/quality relationship is acceptable and other situational and personal factors are positive, then these customers are likely to be satisfied.

As a result, they are more likely to make repeat purchases and become loyal customers. However, if the service experience does not meet customers' expectations, they may complain about poor service quality, suffer in silence, or switch providers in the future.

Purchase Funnel

The purchase funnel, or purchasing funnel, (also popularly known as customer funnel, marketing funnel, sales funnel or conversion funnel) is a consumer attentive marketing tool which illustrates the customer's journey towards the purchase of a service.

E. St. Elmo Lewis, in 1898, established a model which mapped a theoretical customer journey from the moment a brand or product attracted consumer attention to the point of action or purchase. His idea is often referred to as the AIDA (Awareness, Interest, Desire, and Action) model.

This early model has been modified and revisited multiple times by marketing consultants and academicians to identify the modern customers' needs, interests, and actionable stimulus. As a model, the buying funnel has been validated in a variety of domains, modern business practices includes searching, keyword advertising, and lead generation. This model is also modified to include previously unconsidered steps and metrics such as outbound sales and internet impressions, which are very popular now a day.

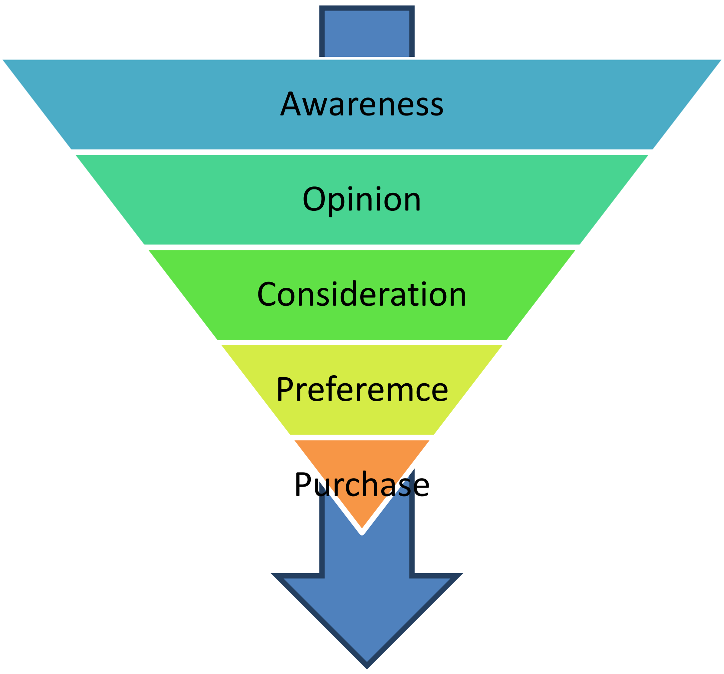

Figure 2.11: Example of a classic purchase funnel

Model Questions

Q. 1. Explain different decision-making roles in context of services.

Q. 2. Point out the stimuli involved in consumer decision making process.

Q. 3. How service positioning work in integrated environment?

Q. 4. Draw a positioning map of waste management companies in India?

Q. 5. What is STP in marketing management?

Q. 6. What are basic segmentation criteria for services? Take example from garbage collection agencies.

Q. 7. What are purchase models of services? Make a comprehensive list of models.

Q. 8. Elaborate the history of purchase funnel. Make funnel with wood purchasing for house decoration.

Q. 11. How services pose distinct marketing challenges in comparison of manufacturing goods?

Q. 12. How to develop an effective service delivering model?

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Chapter 3 Apply the 4ps of Marketing to Services

Marketing Mix is the most crucial element for the success of any organization. It is this mix that helps any brand to get established and to get promoted across the country and the globe. Marketing mix differentiates a brand from that of its competitor. Although, Marketing mix in services are more complicated to be understood and to be explained to the customer being intangible and inconsistent. Another aspect of service marketing is the inclusion of people, processes and physical evidences which re also know as extended P’s of service mix. Among all these extended mix, Physical evidence covers the use of any tangible elements that facilitate the performance or communication of the service; processes included the actual technique and mechanism to deliver the services and people are the one from whom the service receivers cannot be separated. However, the upcoming chapter will include the basic four P’s of the services i.e. Product, Price, Place and Promotion. In waste management organizations ‘people’ contributes to a greater extent as they are the one who to carry out each task and responsibility and putting the right person into the right position is something that makes your organizations successful. The entire unit covers a broader content on all the four P's and their implementation from waste management prospects.

3.1 Introduction to Service Product

The concept of service marketing starts with the understanding of the service product. A service products are often misunderstood as only something that is intangible in nature. However, it must be clear that for delivering any service there is a need of some elements of tangible nature. For instance, collecting the food waste from home is a service but to provide this service certain objects are required. it can be a basket or truck that helps the entire process and thus simplifying the activity as well as the entire process. The degree of automation is not to be mentioned here, the bottom line is the use of tangibles (Figure 1) Therefore, a service product be it waste management or any other specific area can comprise of a combination carrying tangibles as well as intangibles to enhance the performance of the service.

Figure 3.1 Automation in Waste Collection

Service Product Levels

Every business has a product or service which is majorly divided into five levels (Figure 2). In a narrow sense, the company bifurcates its product as core and supplementary.

Core and supplementary Product: A narrow aspect

Core Product can be described as the Central component that is provided to the customers. For instance, simply collection of waste from the customer's premise. And thus to provide the core product certain *supplementary activities* are undertaken. For instance, sending collection vans along with the related staff.

Five levels: A Broader Aspect

Every product or a service is comprised of five deep levels (Figure 2).

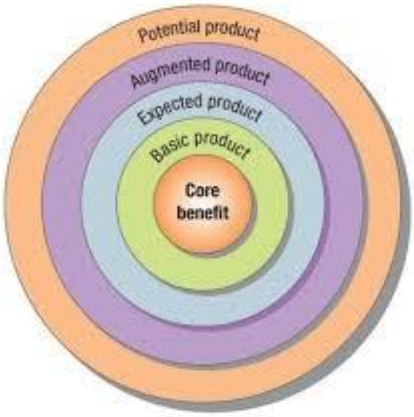

Figure 3.2: Levels of Services

First level -Core Benefit: the first level of any product is associated with its "reason of existence". It is the fundamental level for any product or service. For instance, for any waste management company the basic service offered is reduction in all kind of waste nearby. From consumer point of view, it can be said that a consumer is buying a clean environment and surroundings.

Second level- Basic Product: Any service can be provided without certain additional efforts. In case of waste management, the service provider ensures the collection of waste from potential areas.

Third Level- Expected Product: A consumer is although needs the clean environment and surroundings but expects the timely collection of waste. Therefore, a consumer normally and minimally expects that the collection of waste will be done as per his instruction and feasibility. Therefore, he can conduct his activities in hassle free manner.

Fourth level- Augmented Product: here at this level the customer is getting certain services for which he has not expected or they are beyond his expectation. May be he has been provided with few helping hands to manage the waste by the waste management organization say for sorting etc. (Figure 3). For example, in North India, Indore has been awarded with the title of cleanest city in the country. Where every day IMC vehicles are running across the city to collect the commercial/household waste from 4,81,000 households and 1,40,000 commercial units (for more details- https://yourstory.com/2018/06/how-indore-retained-its-cleanest-city-tag/). On the same grounds the citizens are educated to sort the dry and wet waste .

Fifth Level- Potential Product: it is the level of customer delightedness. Here the company search a new way to satisfy the customers. If can be like the customer are provided with guideline and training on how to reduce the waste. Till the time the strategies for reducing the waste are implemented the executive form the company everyday visit the customer. Along with this, he is also providing with some company staff to guide him on the frontiers and it is the way through which the company can distinguish its offerings. The waste is recycled and can be given back to customer in some form can be example of potential product.

Figure 3.3 Sorting of waste collection

Model Questions

1. Explain the term Service marketing with special reference to Waste management.
2. Explain with example various levels of services in Waste management.
3. Discuss the contribution of Waste management towards society.

Activity: Conduct SWOT for India's Cleanest City

For more details scan the QR Code:

Planning and Creating a Service Product

The four main elements which must be considered while designing the service product (figure 7)

Delivery Process

The initial element involves deciding in advance 'how' the service will be delivered to the customer. What will be the pros and cons of each method? This step involves a thread bear analysis of the strength and weakness of the organization. Setting a too high process standard can lead to dissatisfaction among the customer. The organization must evaluate its resources and financial spaces. For instance, for a waste management organization the availability of latest techniques and trained manpower is a must. The standardization is required to deliver the consistent services. Manpower has to be instructed to follow the set procedure and the continuous follow up of the same is required to ensure the success rate of the entire delivery process.

Customer Involvement

Degree of the customer involvement has to be ensure in the beginning. The role that a customer is expected to play must be informed to the customer*.* ***Self-service*** or ***service customization*** (Figure 4) are basic roles that can be played by the customer. In the first role, the customer is expected to be self-aware and self-conscious about the services provided by the organization. For example, Waste deposit kiosk (Figure 5) Musical Waste collection vans in Madhya Pradesh where customer will drop the garbage on their own (figure 6). Customer can participate even to show their involvement. Companies can design their strategies in such a way that it automatically involves the customer in the entire process. Another way is service customization, for instance in case of hotel industry the waste can be different, similarly for any plastic manufacturing unit waste can be else. Therefore, Waste Management organization must alter its offerings as per the need of the industry or customer.

Figure 3.4: Self service

Figure 3.5: Waste Deposit Kiosk

Figure 3.6:Musical vans for waste collection

Service durability

Durability simply means the expected life and condition within a specified time duration. In case of waste management organization, the next time by which the customer required their service can be called as the durability.

Services to be offered: Every organization must define the product/ service line it is going to offer to the customer. Although this is done only after a thorough SWOT analysis of the organization. Nevertheless, the organization chooses among three "R's" i.e. reduce, reuse and recycle. Out of these three the company can pick any or all or a combo.

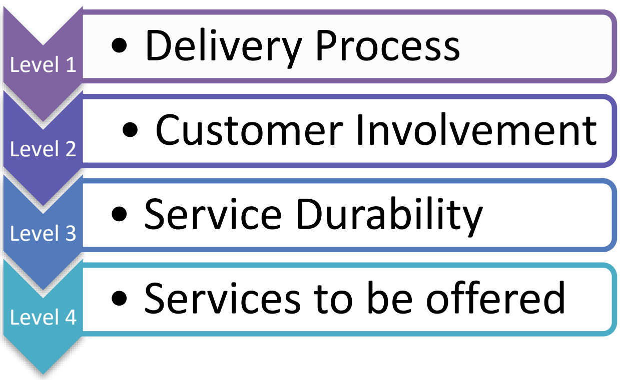

Figure 3.7 Element of Planning and Creating a Service Product

Model Questions

1. Discuss the process of service delivery in waste management.
2. Explain the levels of customer involvement.

The flower of service

The flower of service concept comprises of two dimensions- Facilitating dimension and Enhancing dimension (figure 8).

Facilitating dimension

Information: it is more concerned with educating about the way to use the service designed and also about the organization policies and procedures. For e.g. Customers must be informed and educated about waste management organizations official websites, the working hours, cost involved, reminders, dos' and don'ts, terms and conditions apply, physical evidences, bookings, acknowledgement and receipts etc.

Payment: how to pay for the services used. Now a day there are simpler methods of making the payment. The mode and method of the payment should be as simple and safe as possible so that customer feels happy and increases his interest in using the services. At times complications resist a customer. Another aspect in payment is multiple ways of making it i.e. cards, NEFT, cheque, cash on service etc. along with various promotional discounts and redemptions.

Billing: it is one the elements that can be counted as physical evidence that wins trust of the customer. The billing done by organization should be clear, accurate, on time and biased free in all senses. Miscellaneous customer can be billed on daily basis whereas a major client can be billed monthly, quarterly or annually. The customer must get an access to see all his transactions and dues. Periodic information must reach him through various sources like SMS, email statements etc.

Order-Taking: here the customer must be able to demand for a service. Customer must know what all services he can get from the company. Order taking involved providing an ID or membership enrollment to the customer in advance which will enable him to place the order using that ID or enrollment number with the company. This will also help the customer take prior appointments and get the service on time. E.G. he can book the Waste collector vehicles in advance as per his convenience.

Enhancing dimension

Figure 3.8: Flower of Service

Consultation: can be provided as per the need of customer. This is more of a potential service level where customer can be more than happy. at times personal counselling can also be done to enhance the services. There are companies giving training to the potential customers may it be technical, managerial or simply social.

Exception: Customers appreciate some flexibility when they make special requests and expect responsiveness when things don't go according to plan. Therefore, the company must be flexible enough to adapt with the conditions prevailing in the customer's organization. It can even alter its one to one policy as per customer's demand.Examples can be special timings, responding to suggestions or complaints, Responsiveness in solving problems, fast services, special occasion services.

Safe Keeping: Waste management companies can also take charge on behalf of customer to take care of his personal issues which may be internal to a customer's organization. This may include taking decision regarding reuse of waste or selling the scrap in the market etc. at times training or guiding the employees of the customer for enhanced effectiveness and improved results.Waste Management companies can also plan some inspection in the customer's plant even without been asked by him.

Hospitality: At the end every customer be it in Waste Management organizations or in a hotel wants to be treated like a 'king'. Therefore, he needs all attention and respect just like customer of any other business wishes.

Model Questions

1. Explain the role of order taking in services
2. Identify the latest payment option with special reference to waste management services.
3. Write a short note on safe keeping in services

Activity

List out all possible elements from each dimensions of Flower of service in waste management organizations prospective with special reference to Hotels and Hospitals.

3.2branding Service Products and Experiences

Kotler and Keller (2015) defined branding as "endowing products and services with the power of a brand" Branding is more psychological as compared to any other element. It is creating and shaping a brand in consumers' minds. It done so that the customers are at ease to quickly identify the products and organization. At times branding is a strong reason to pick a product where there are several competitors fighting. The ground level objective is customer attraction and retention.

Various tools that can help to create branding are

Figure 3.9: Waste Management Vertical

- Word of mouth publicity
- Packages
- Advertisements
- Customer experiences
- Price
- Joint ventures
- Physical evidences

Branding is more or less depending upon the offerings (figure 9) and also Represent an assembly of elements that are built around the core product along with value-added supplementary services.

Selecting Product line

The five major branding coverage can be (Figure 10)

- **Single segment coverage:** Any Waste management organization can pick only one segment. For instance, only paper industry waste.
- **Selective segment coverage**: Waste management organization can pick more than one but again selective segment to provide its services. E.g. Paper Industry, steel industry and leather manufacturing industry.
- **Single Market segment coverage**: all the services are provided to one market. Example all the hospitals
- **Single product Coverage**: only one type of service is provided to all the market. Example collection of household waste from the entire region.
- **Full coverage:** this is the most complex matrix wherein all the services are aimed to be provided to a full market.

Branding Alternatives

Branding alternates works on a matrix. Product category or Brand Category (both may be existing or new). Broadly there are four branding alternatives

- **New Product** – All new product is introduced which carried entirely new concepts and utility. Example Garden development out of household waste materials.
- **Flanker Brand**- Where brand is new but product category is already existing. For example, Eureka Forbes enters into waste disposal machines.
- **Line Extension** – it should be better called as a variant rather than a product as a same brand name is introduced into a where company has already established products.

Advance versions are introduced from say conventional bottle crusher to advance methods for the same task.

- **Franchise Extension** – a familiar brand is taken to a product category where it is unknown. Example Synergy Waste Management (P) Ltd.Enters into manufacturing RO with minimum water wastage.

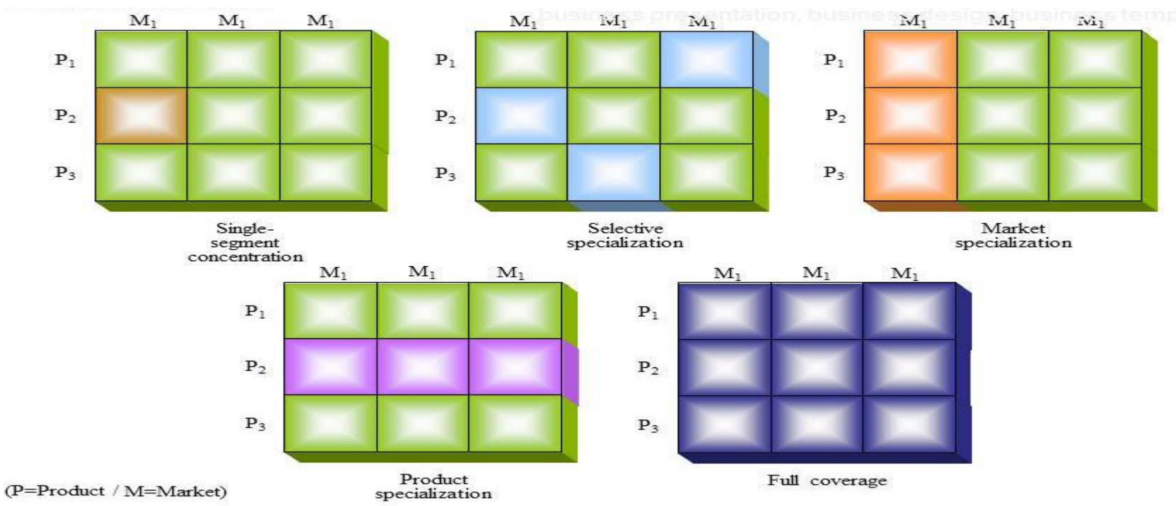

Figure 3.10: Patterns of Segmentation

Branding Levels

- Company Level
- Product Level

Branding can be used at both company and product levels. In case of Company level, the name of company is associated with entire product line. In all the promotional activities, company uses its name, at times logo, tag line or colors along with the name of product. It can be Easily recognized and has affiliation in the customer's mind. In case of Product level branding, individual product stands on its own and establishes a picture in the mind of the customer.

Model Questions

1. Explain various branding levels
2. Discuss the branding alternative in waste management business.
3. Define segmentation. Discuss various pattern of Segmentations.

New Service Development

There are seven methods to design a new service

Major service innovation: any new service can include addition of unique service in the existing one or innovation in the present services to be looked as a new service. Example food recycling machine as an addition in the current product line. (Figure 11)

Figure 3.11: Food Recycling Machine

Major process innovation: here the addition of any process instead of any new or innovative service. Example GOBI has launched a food waste drying machine as an additional step towards waste management.(figure 12)

Figure 3.12 Food Waste Drying Machine

Product line extension: It is the launching of any variant in the existing product line may for some other industry or some specific problem. Example: In case GOBI launches Food drying machine with a different capacity.

Process line extension: Another step in new service development can be adding on to a different variant for a different process.

Supplementary service innovation: apart from the regular services, services that are complementary in nature can be a new opportunity for the organization. Example Litter bins manufacturing, garbage bags production etc.

Service improvement: there is always a room for improvement in what so ever advance version is launched. With the change in the technology all existing product as well as process can be improved to enhance effectiveness. Example from manual to digital working of an equipment.
Process/ Style changes: same service can be presented in a new form with some makeovers at any level. Process/ style change can take place at any point in the 'flower of service'. (Figure 13)

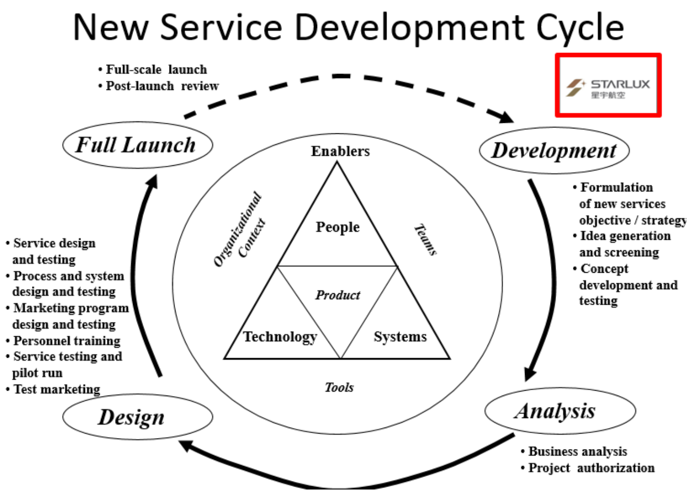

Figure 3.13: New Service Development Cycle

Model Questions

1. Explain step to new service development.
2. Explain the scope in service improvement.

? thinking Corner

- ❖ Ientify the organizations new service development under each category.
- ❖ Identify any waste management organization wherein they have adopted alternates for new services in different ways.

3.3Distribution in a Services Context

Distribution in general terms stands for reaching out to the customer in the best and fastest possible way. Distribution plays a crucial role in deciding the success rate of an organization. well-designed product, best possible cost, highly promoted if do not reach to the customer on time reflects as a failure for any business. Thus out of all P's in any marketing "Distribution" stands to be one of the most major, sensitive and crucial P.

The three flows of which entire distribution is comprised of is (Figure 14)

Information and promotion flow: it is educating the customer about the offerings of any organization. In other words, what services a customer is supposed to get when he selects any service provider. The flow also include the promotion offers like discounts, memberships, value added services, USP's, any special event pricing etc. in the market again with the basic objective of increasing the chances to buy.

Negotiation flow: until the rates are finalized for any package the deal cannot be freeze. Therefore, a service provider enters into negotiation phase wherein organization and customer sits across to finalize the issues and expectation at the most lucrative rates. Example timings of service, frequency, upgradations, terms and conditions, package, combos etc. can be discussed and negotiated.

Product Flow: until the actual product or service reaches the customer the above two flow remains dead. The effect of the other flow is visible only if the product is ultimately delivered to the customer. Here it can come to an end with the final service delivery and problem solving of the customer. Undoubtedly the process will end only with the satisfaction and repurchase intentions of any customer.

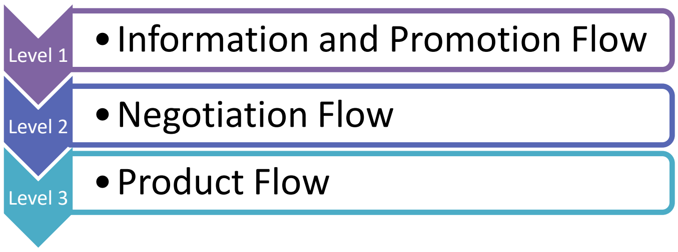

Figure 3.14: Distribution in a services

Model Questions

1. Discuss the importance of negotiation flow.
2. "Product Flow" is the central element of distribution. Justify.

Distribution Options for Serving Customer

There are mostly three options (Figure 15)

Customer walks-in: here the customer is in self-service mode and they move to the service provider. It is both the mobility of the customer and immobility of the service. At time it is a huge setup which is difficult to move for anyone. Another reason can be multiple outlets of the service provider.

Waste Management company can reach customer at his negotiated place: at this point the reverse of customer walks in is present i.e.there are chances of immobility of the customer and mobility of the service

Services through remote mode: although the waste management service is such a peculiar area of service where the core service cannot be provided from distant. However certain accompanying services can be through websites. Example- online booking can be done, online payments, enquiries, selection of services can be easily done.

Figure 3.15 Distribution Options

Determining the Type of Contact

The type of contact will vary as per the need, preference, knowledge and operational complexity of customer.

- Types of contact/channel
- Personal Channel
- Impersonal Channel

Personal Channel

The industry with the waste that is of high risk and more complex nature tend to use the personal contact or channels. Example hospital waste.

Impersonal Channel

In general, less risky waste outcomes are suitable for impersonal or self-service channels and contacts. Here the customer has good knowledge about the waste disposal and its repercussions. Similarly, more social responsible customers use self-service or impersonal contacts.

Place and Time of Service Delivery Decision

Place Decision

Basically the place decision is dealing with 'where' to deliver the service. *Firstly,* it is necessary to understand the actual and the stated needs of the customer. Customer also mentions his expectations from the service provider. Any waste management company must conduct a SWOT analysis to identify the strength and weakness along with opportunity and threats associated with the market. Identifying the threats will also disclose the competitors position in the market and various offering by the competitor. *Secondly,* the location is another important decision in this section. It is more important in case of customer self-service. Hence it should be convenience for any customer to locate and reach. *Lastly*, the overall operational cost and labor is also affected by this decision. As location involves a cost and labor is also associated with the location. Hence this decision must be taken carefully. The bottom line in this decision is proximity to the customer or his work place.

Time Decision

Time decision involves service availability time periods and hours. It involves the working hours as well as working days of the service provider in a day. However, the working hours and days of service providers like waste collectors are flexible as per customers' convenience. Example the hotel industry would like to dispose of its waste in late night and can be absolutely dissimilar to that of a paper manufacturing unit. Consumer is ready to pay premium prices for the convenient timings. Certain waste management companies are bound to follow the time given by the municipal corporation or any government controlled body. Example in Major cities of Madhya Pradesh the domestic waste has to be collected in early morning from 7 .00 am to 9.00 am as per government norms. The working hours must be comfortable for both employees as well as customers of service provider must not be unsocial. The organization have automated number of services to overcome the limitation of working days and hours (figure 16).

Figure 3.16: Automation of Process

Delivering Services in Cyberspace

The Delivering services in cyberspace is also known as delivery of service or supplementary or any of it component through advance telecommunication systems or information technology. It is already explained in the previous paragraphs that although the waste management service is such a peculiar area of service where the core service cannot be provided from distant. However certain accompanying services can be through websites. Example- online booking can be done, online payments, enquiries, selection of services can be easily done. The services can be though E mode or M mode i.e. it can be either Electronic or Mobile/ smart phones.

Benefits of Delivering Services in Cyberspace

Increased promotional information to the customer.

- More accessibility to the services.
- Updating regarding customer accounts/memberships.
- Offer and inform prices.
- Informed payment transactions.
- Provides an edge over traditional service providers.
- Convenience operational hours.
- Sounds advance and updates.

The Role of Intermediaries

Intermediaries are the middlemen’s appointed or hired by the Owner of the any waste management organization. At times it not feasible as well as possible for the organization to serve the customer with all range of activities. However, to fill the product line gap and to provide customer with 360-degree solution, the outsourcing can be one of the intelligent move taken by the service provider. It is absolutely the prerogative of the service provider to decide who to select and for what purpose. He may retain the core activities with himself and may outsource the remaining i.e. the supplementary services.

It is important to understand that the customer evaluates the overall services whether is by original service provider or outsourced. Hence, care must be taken by the original service provider to ensure that the intermediaries selected must deliver the services as per guidelines.

In service industry ‘Franchising’ is a common way to involve intermediaries and thus considered as method to expand and grow (Figure 17)

Advantage of Franchise

- good in case of limited resources
- fast growth
- utilization of local knowledge
- better services
- more customer satisfaction

Disadvantage of Franchise

- more exit rate
- Loss of control over delivery system
- effective quality control is difficult
- source of conflict

Figure 3.17: Advantages and Disadvantages of Franchise

The Challenges of Distribution in Large Domestic Markets

The major challenge in the country like India is geographically wide spread market. As far as waste management organizations are concerned it is utmost difficult to understand the challenges faced. The problem is double sided, in other words there are certain problems that are generated by waste management organizations and those created by customers

From Organization point of view

Unscientific treatment: the treatment of the waste must be done scientifically to get the advantage of the concept. Otherwise the result expected from the operations of any waste management organization may not be fruitful our country in long run examples areas allocated for landfills must be adhered to.
Improper method waste collection: at time the waste management organizations are more working on their convenience rather they should work for the betterment of the society.Some over professional startup is not working as per social working hours again is a major issue in the area.
Ethical problems: the waste management organizations at times are not following all the guidelines and norms provide to them legally.

From customer point of view

Multiculturalism: people from various cultural background find it difficult to understand the basic objective of such organizations
Lack of awareness: at times lack of knowledge and awareness is one reason of uninvited challenge for waste management organizations
High cost involved: undoubtedly the cost of availing these services are high. The big business making firms get acclimatized with the cost easily. But small and medium entrepreneurs resist and look at these services as a non-operating expenditures.
Low social responsibility:the acceptability of such concepts need the social responsible attitude inculcated in the citizens of a country. This lack of attitude is another challenge for waste management organizations in the country.

Model Questions

1. Explain ‘Remote mode’ in services.
2. Distinguish between Personal Channel and Impersonal Channel.
3. What are the consideration in Time of Delivery?
4. Explain the benefits of Delivery in Cyberspace.

5. Elaborate the advantages and Disadvantages of Franchise.

Distributing Services Internationally

International Market Entry Challenges

Like any other business, waste management organizations do faces certain challenges to enter into any other country. There are basic barriers of language, currency, legal norms, cultural differences, technological phase, international product life cycle stage. Apart from these problems there are certain requirement for entering into any country.

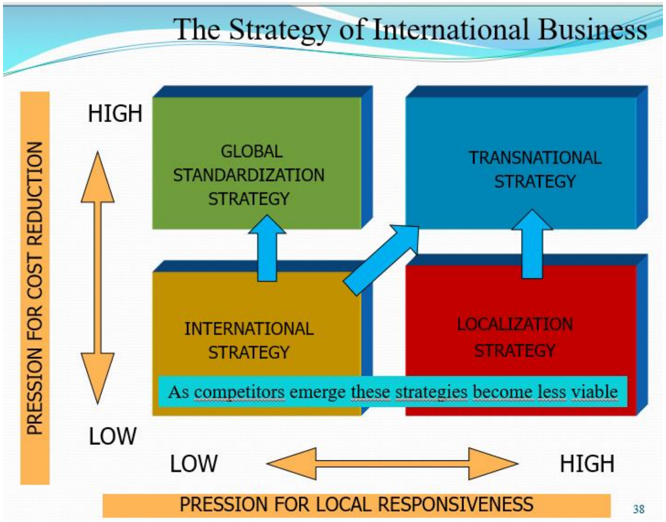

Figure3. 18: Strategy of International Business

Waste management organizations need to be in direct contact with potential customers either the waste management organizations can export the service as mentioned earlier with the help of franchise like any other chain business or else the customer from overseas can be invited to be served in the home country. The waste can also be imported from other countries through containerization method and be further recycled.

Inseparability of service provider and customer

Another challenge for entering into international market, is the basic characteristics of services i.e. for delivering the services the physical presence the customer premises is mandatory

Informational services

Providing informational services associated with this may not be a big challenge in the current era. There are variety of medium through which the customers can be served. Use of Information technology is one way to communicate and handle the customer on several fronts.

The concept of free trade areas is very renown from several decades. Despite of these FTA's few restrictions are still present which are mentioned in paragraph above.

Reason for Internationalization

1. Technological development
2. Reducing transportation cost
3. Improvement in communication technology
4. Better contact between trading and investing nations
5. Trade liberalization
6. Lowering of tariff barriers
7. Low tariff rates

Modes of Internationalization

Export information-based services: Transmit via electronic channels

Use third parties to market/deliver service concept- Licensing agents, Brokers, Franchising, Alliances, Joint ventures

Controlled business- FDI

Choosing Strategy

Firms use four basic strategies to compete in the international environment:

- global standardization
- localization
- transnational
- International

A **global standardization strategy** focuses on increasing profitability and profit growth by reaping the cost reductions that come from economies of scale, learning effects, and location economies. The strategic goal is to pursue a low-cost strategy on a global scale. This strategy makes sense when there are strong pressures for cost reductions and demands for local responsiveness are minimal

A **localization strategy** focuses on increasing profitability by customizing the firm's goods or services so that they provide a good match to tastes and preferences in different national markets

A **transnational strategy** tries to simultaneously:

- Achieve low costs through location economies, economies of scale, and learning effects
- Differentiate the product offering across geographic markets to account for local differences
- Foster a multidirectional flow of skills between different subsidiaries in the firm's global network of operations
- A transnational strategy makes sense when cost pressures are intense, and simultaneously, so are pressures for local responsiveness.

An **international strategy** involves taking products first produced for the domestic market and then selling them internationally with only minimal local customization

When there are low cost pressures and low pressures for local responsiveness, an international strategy is appropriate

Model Questions

1. List out the reasons for internationalization.
2. Explain various modes of internationalization.
3. What are the various methods to enter international market?

3.4 Setting Price and Implementing Revenue Management

Pricing is that element in business which decides the success or failure of any business. In case of services it is utmost difficult to assess the cost of service been an intangible item. The price of service depends upon its characteristics like consistency, timely, degree of Inseparability, degree of variability and most important is trust on the service as well as on the service provider. Factors affecting price setting

- Price-quality relationship
- Product line pricing
- Competition
- Negotiating margins
- Effect on distributors and retailers

- Political factors
- Earning very high profits
- Charging very low prices

Importance of Pricing

Revenue generation: it is the reason of existence for any business.

Creates demand: the prices will decide the demand for any service.

Value, cost and Satisfaction balance (Figure 19)

Figure 3.19: Cost, Value and Satisfaction

Approaches to Pricing

Cost based Pricing: price can be set as per the cost of delivery. It is a traditional way to charge by simply adding on some profit margin in the delivery cost. Apart from traditional pricing, activity based pricing can be done wherein the service provides arrives at a price after evaluating all activities of the services which is more complex in nature.

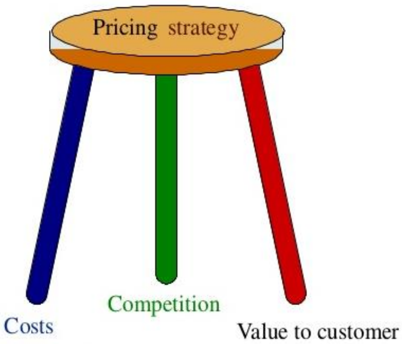

Figure 3.20: Tripod

Value- Based Pricing: this is more a perception-based pricing. Here the price is charged as per the perception on prices by the customer. Example If a customer perceive that the services of ABC waste management company are superior, then he is ready to pay a premium price also. He is mainly paying for the perceived benefits. He majorly compares the prices of the competitors and then decides.

Competition Base Pricing: what other players in the industry with the similar offerings are charging. Here also the customer is comparing other dimension of availing a service. Customer ensures the Pricing Tripod (figure 20).

Implementing revenue management

Revenue management is price customization where in different prices are Charged from different value segments for same product based on price sensitivity. At various point of time the demand is uncertain for any service and customer may also differ in his price sensitivity. In Revenue management calculation of prices are done using mathematical models which examines historical data as well as current information to determine the prices to be charged for each service. This will also determine, the packages to be included in each service.

Pricing Strategies for Revenue Management

1.Skimming Pricing: Keep Prices High

Rapid skimming: High Price /High Promotion

Slow skimming: High Price /Low Promotion

2.Penetration Pricing: Keep prices low

Rapid penetration: Low Price /High Promotion

Slow penetration: Low Price /low Promotion

3. Prestige Pricing Strategy: Customer feels prestigious utilizing the services of a specific service provider

4. Customary /Going rate Pricing: as per competitor.

5. Psychological Pricing: Example Rs 999 only

6.Geographical Pricing: Due to transportation there is a change in price of different regions

7. Promotional Pricing:

Loss Leadership Pricing

Special Event Pricing

Cash Rebates

Low interest pricing: Auto loans

Warranty and service contract pricing.

Ethical issues in Pricing

Complex price calculations

Unfair prices charged

Wrong information in promotional material

Hidden terms and conditions

Uninformed price changes

Model Questions

1. Why the pricing is important
2. Discuss various approaches to pricing

3.5Promoting Services and Educating Customers

Meaning of Promotion

Promotion for any product or service involves communicating with the target q2a 8cudience, in order to inform them about the prices, benefits and other dimensions related to the product or service of a specific brand. The major objective of any promotional campaign is to increase the knowledge about the brand, attract the target audience to buy the product or service and last but not the least generate sales. The word promotion is derived from the French word 'promocion' which means to 'move or push ahead'

Benefits of promotion in services

Establishing service in the market: promotion as its name indicates stands strongly with the movements of service in the market and certainly helps the new services to grow and develop.

Positioning the service: positioning in the mindset of the consumer is the challenging task for any product or organization. In other words, it is difficult to convince the customer about any service been intangible.

Differentiating the services from that of the competitors. Example what are the benefits offered by one waste management organizations as compared to its competitors

Helps in recall of services: in case of any established brand, promotion can simply act as a method to remind the customer about the improvements or any addition in the current services. For example- number of times even change in the brand ambassador needs to be communicated to the consumer.

Promotion supports and reduces the efforts of sales force: in case of services offered by any waste management organizations the promotional content reduces the queries of the consumer to great extent which for sure filters the general customers. And thus sales force receives potential customer only.

Customer feels involved: there are techniques like direct mailing and personal selling wherein the customer is involved at various levels staring from service design to service delivery.

Increases the demand/ sales: Sales promotion is one of the tool which is the quickest way to increase the demand as well as the sales.

Increases profitability: all the tools involved in the promotion mix aims at overall increase in the profit through increasing sales and market share.

Demonstrate the technicality of the service and thus helps customer get the training about the use of service. Example- personal selling focuses more on demonstration of services. Like how to use paper crusher etc.

Barriers of Services Communication

Intangibility is the biggest challenge for any service provider. The service provider finds it extremely difficult to explain the benefits of the services beforehand to any customer. The customer even finds it difficult as there is no physical product in hand and performances in services can only be measured once they are consumed.

However, the 'Physical evidence' helps any service to get provide tangible cues. The experiences shared or the testimonial can act as metaphors for services that generates trust on the organizations.

5 W's consideration in service marketing

Whom to target: the target audience is the one which an organization selects to serve. There should be a clear picture of the target audiences. The services are designed keeping in mind this clutch. Example in case of Universities or colleges the services are more designed keeping in mind the paper waste or recycle. As they have more such waste when compared with hospitals or hotels.

What to communicate: Majorly the benefits and the packages are communicated to the target audience. The benefits may include financial benefits or timing benefits etc. Service provider must communicate their Unique Selling Proposition or competitive advantage to the target audience.

How to communicate: it is selection of tool from the bunch of promotion mix. The tool selection depends upon the objective and targets of the organization.

Where to communicate: the organization can use conventional as well as latest platforms to communicate. Conventional are geographically restricted up to certain extent whereas the latest communication techniques i.e. E- platforms do not face such geographical limitations. Generally, the message is communicating to the target audience be it conventional or modern techniques.

When to communicate: it describes the right time to deliver the message.

Objectives of Educating the customers

- To create remembrance
- Generate awareness
- Differentiation from competitor's offerings
- Repositioning the services
- Extend life cycle of any service
- Increases chance to buy
- Demonstrate the offerings
- Identify major and premium customer

Promotion can be done using conventional or the new era tools of social media.

Promotional Mix in waste management Services Comprises of:

Personal Communication	**Advertising**	**Sales Promotion**	**Publicityand Public Relations**	**Instructional Materials**	**Corporate Design***
Selling	Print media	Trials	Press releases	Web contents	Equipment's and machines
After sales services	Online media	Discounts	Press conferences	User manuals	Vehicles
Training and educating	On screens	Complementary services	Promotional Events	Catalogs	Other physical evidences
Telecommunication		Off peak rebates	Special event display	CD's, web-links	
Word of Mouth			Sponsorships		

*corporate designs are crucial part of communication mix in services. Here all the physical evidences associated with the outgoing messages. It acts like the identity for all the offerings by the organization.

Care should be taken to communicate the same in the international markets as they must convey culturally positive messages.

Edge of Internet Communication over Conventional Communication Methods

- Cost effective
- Covers variety of gateways to promote
- High reachability
- Instant results
- 24*7 access to information
- Demonstration through Videos
- Recognition of interested customers
- Incorporating IMC in best possible way

Problems in Communications

Over communications: the frequency should be kept according to the golden rule of number '7'. The Marketing Rule of 7 states at least 7 times message must be delivered to the target customer that enables them to decided finally to buy.

Doubtful communication: Promising some untrue results is also major issue in India Waste management marketers.

Misleading communication: the actual result is something else which was least communicated.

Model Questions

1. Explain the benefits of Promotion
2. “Intangibility is the biggest barrier in communicating the services” Explain.
3. What are the objective of marketing communications?
4. “Internet communication has an edge over conventional communication” Justify.

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Chapter 4 Managing the Customer Interface

This chapter emphasis on managing the interface between customers and the service organization. Where it uncovers about the additional 3Ps (People, Process, and Physical evidence/ environment). 3Ps are exclusively used for services and service marketing. This chapter begins with describing how to design and manage service processes. After flowcharting blueprinting is discussed. This chapter has explained interesting ways of handling fluctuations in demand and supply. Towards the end of the chapter, crafting the service environment and then managing people for service advantage was described.

Objectives of the Chapter

When you read this chapter its end, you should be able to:

- Differentiate between experience of a service and process of a service.
- Explain the differences between flowcharting and blueprinting.
- Design a blueprintfor a service process.
- Undergone – how to use fail-proofing to design fail points.
- Explain that why service redesigning is required?
- Discern demand-supply situations that may occur with fixed capacity firms.
- Learn, how to craft the service environment for delivering it efficiently.

4.1 Designing and managing service processes-Flowcharting customer service processes

> "Ultimately, only one thing really matters in services encounters – the customer's perception of what occurred"
>
> - Richard B Chase and SriramDasu

For customers, services are the businesses of experience. Whereas, for companies' perspectives, services are process. Which need to designed to create the desired experience of the customers. Process describes the methods and sequence in which services will be delivered. There the firm needs to think about – how the services are linked together the value the preposition promised to the customers. Poorly designed process will make it challenging to the frontline employees to deliver a service well. This may result in low productivity and thus, increases the risk of service failure. This chapter will discuss about – how designing improves the service process. So that the employees can deliver – what has been promised.

Designing service process

The most important first step in designing is documenting it, means creating a process on paper with details roles at every step. Flowcharting is an important tool used for documenting the existing service process. A flowchart describes an existing process of delivering a service. Generally, it is find in the simpler forms. Flowcharting is used for displaying a sequence of the different steps involved in delivering a service to its customers.

It is very clear to understand that the technique for showing the sequence of the dissimilar steps in delivering services to different types of consumers. Companies offers the methods to understand total customer service experience, which shows how nature of customer involvement with service organizations varies by type of service:

- People processing
- Possession processing
- Mental Stimulus processing
- Information processing

A sample for different examples are created below:

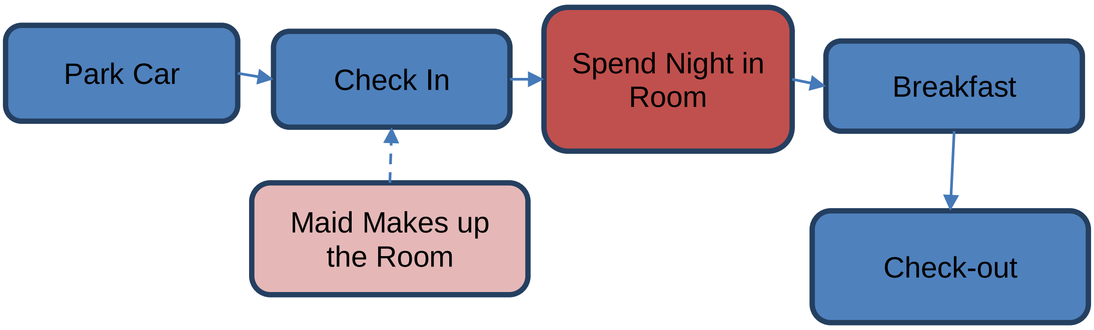

Figure 4.1: People processing – stay at hotel

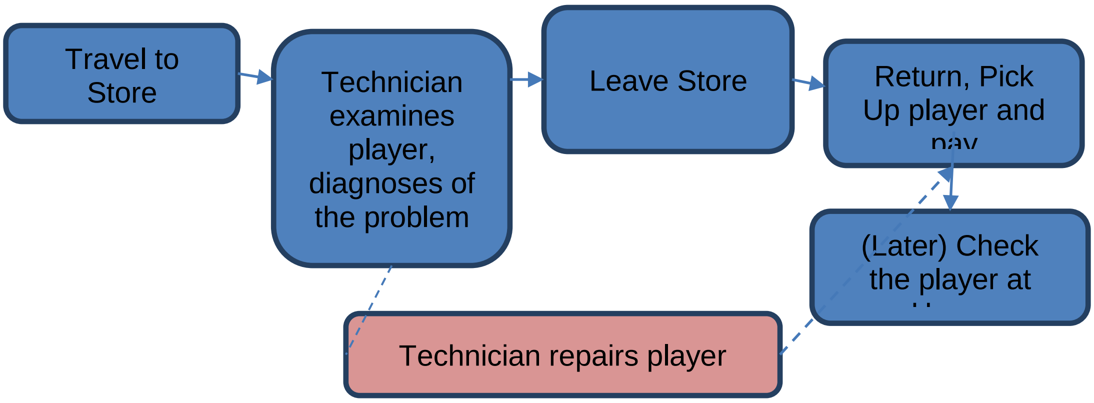

Figure 4.2: Possession processing – repair a DVD player

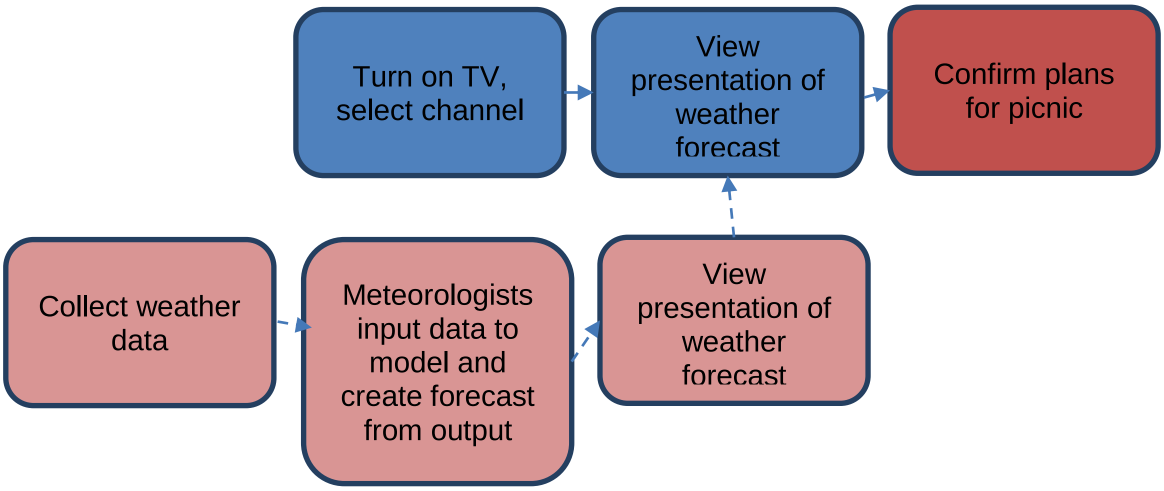

Figure 4.3: Mental stimulus processing – weather forecast

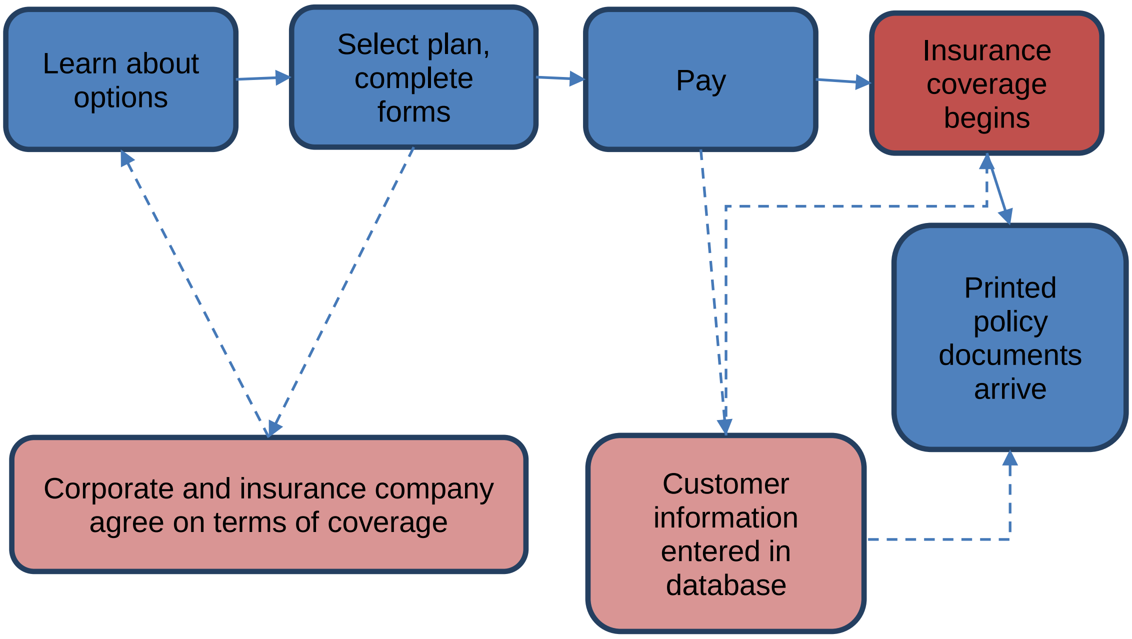

Figure 4.4: Information processing – health insurance

Activity 1
You are the service manager for waste management company in your city. Identify which type of service it is? Design a flowchart of your company.
....

Factors to be Considered in Designing Service Process

Designing a service process includes a cautious thought of factors and issues related to service delivery. There are many issues such as location for availing the offer, facility designing, and layout for effective work flow procedures. Then, job definitions for service providers, involvement of customers – and level of involvement, equipment selection, and many other tasks should be decided and divided while designing the delivery of service process. Apart from these, the following factors should be considered in the process design and implementation.

- The service itself,
- Customer involvement in the process,
- Location of service delivery,
- Level of customer involvement,
- Degree of expectations and standardization,
- Complication of the service.

4.2 Blueprinting and Service Process Redesign

After flowcharting, blueprinting is considered an important tool used for documenting and redesigning the service delivery process. How to differentiate the blueprinting with flowcharting in the context of services?

Table 4.1: difference between flowcharting and blueprinting

Sr. No.	Flowcharting	Blueprinting
1.	It is a simpler form of the process designing.	In comparison of the flowcharting, blueprinting is considered a complex process.
2.	Flowcharting is a technique to display the sequence of steps involved in the delivery of the process.	In detail description of every step shoed on the flowchart.
3.	Sequence of encounter is designed with the help of flowchart.	Every context of encounter is designed through the blueprint.
4.	It shows only the outer perspectives with the customers	It shows the specific details, including what is visible to the customers, all the information about the back-office operations.

Blueprinting of a service helps in visualising on how to efficiently deliver the services. With the help of blue printing, we can describe different processes involving flows, sequences, relationships, and dependencies. A blueprint of service maps customer, employees, and service system interaction. The blueprint may also include inter system dependencies and employees involved form the different departments. It shows the key customer actions. How employees from the different departments and customers interact (known as the line of interaction)? Who will perform it on front-stage? Who will support it from the back-stage? What activities and systems needs to be there? These all questions are answered by a service blueprint.

Developing a Blueprint

First, we need to identify all the important activities, which are must for creating and delivering a superior service. Then we need to identify the linkages and interdependencies in different activities. We need to see a “big picture” before “drilling down” to get every detail before it is started.

Practically, a flowchart is first and then blueprinting can be easily done. Following information is needed, before we start designing a blueprint:

- Front-stage happenings,
- Physical evidence of front-stage activities,
- Line of visibility,
- Back-stage activities,
- Support processes and supplies,
- Potential fail points,
- Identifying customer waits (waiting lines),
- Service standard and targets.

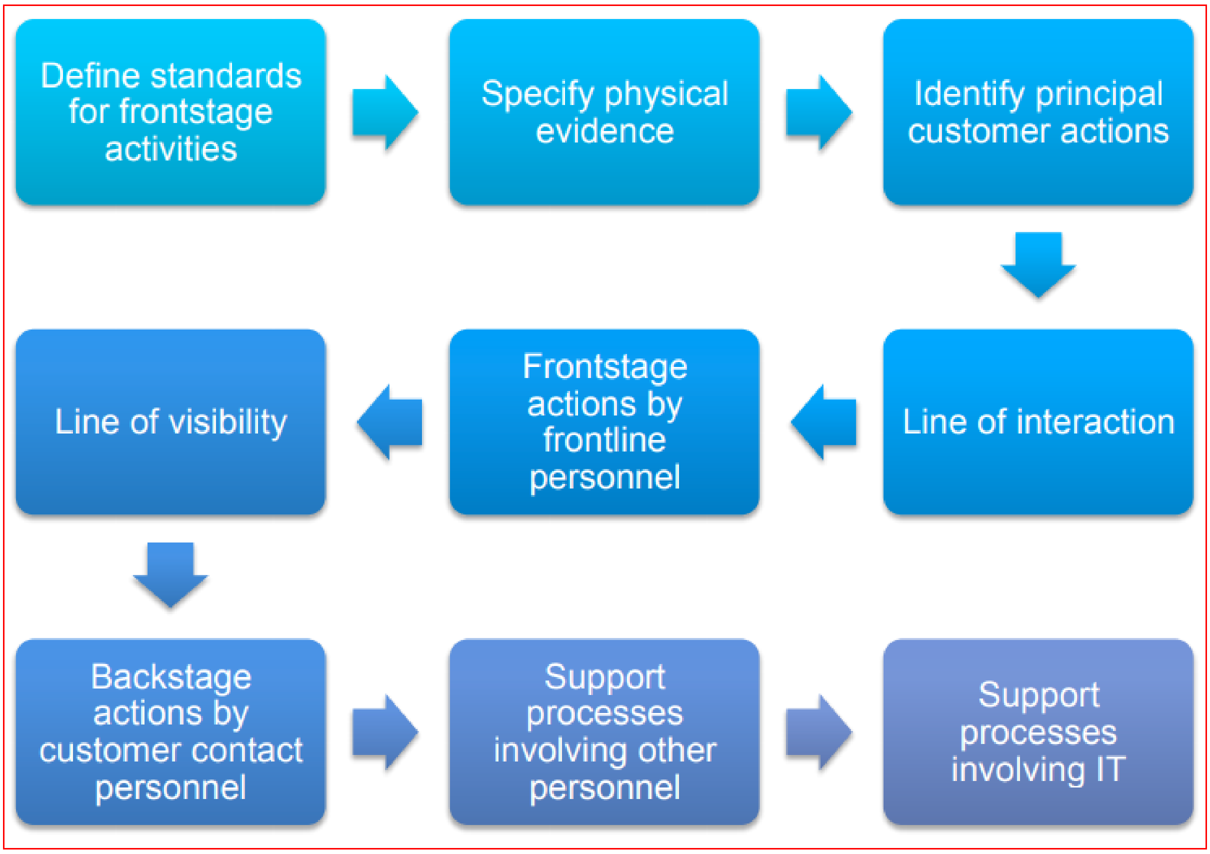

Figure 4.5: Key components of a service blueprint

<table>
<tr><td colspan="2">Activity 2</td></tr>
<tr><td>Prepare a blueprint of a garbage collection agency which you are familiar with. On completion, consider:
a) The indicators of quality, considering the line of visibility,
b) Whether all the steps in the process are necessary,
c) The extent to which the standardization is possible,
d) The potential F-points, and</td><td></td></tr>
</table>

e) The potential measures of process performance.	

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Advantages of Blueprinting

In very summarise manner, there is a long list of benefits of blueprinting. Following advantages are found very significant to discuss with everyone:

- Distinguish and differentiate between "front-stage" and "back-stage" activities
- Clarify interactions, linkages, and support by backstage activities and systems
- Find out the potential fail points (F-point); take preventive measures; prepare contingency (plan B should be ready)
- Pinpoint the periods where customers have to wait for delivery

Setting Service Standards and Targets

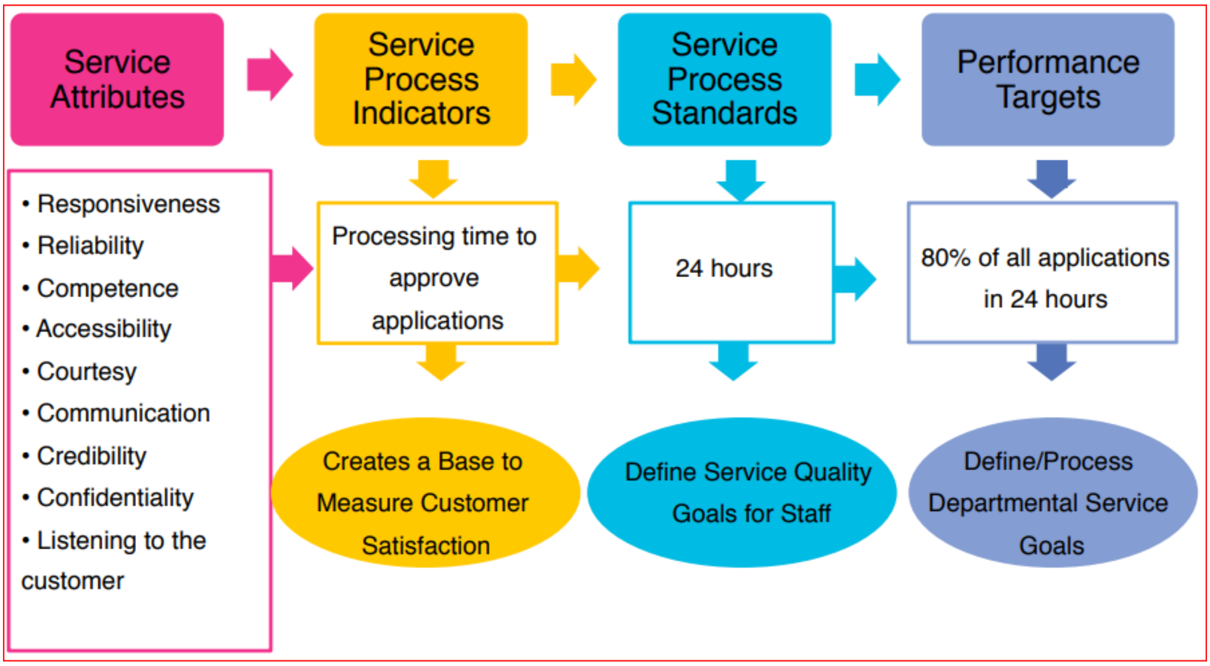

Figure 4.6: Setting standards and targets of customer service process

Service process redesigning

Over the time as business environment changes, customers' needs and requirements changes – business process becomes outdated. Customers expect some additional features in the same cost and sometimes new features too.

Former president of Boston's Beth Israel Hospital and MD, Mitchell T. Rabkin has identified well, that why redesigning is required.

> "Institutions are like steel beams—they tend to rust. What was once smooth and shiny and nice tends to become rusty."

With the help of redesigning the organisations aims to achieve following performance measures:

- Reduced service failures (by incident or by accident)
- Reduced cycle time (process time) from customer initiation to its completion (creation to delivery)
- Improved productivity
- Better customer satisfaction (to generate loyalty)

Figure 4.7: Approaches and potential benefits of process redesigning

4.3 Balancing Demand and Productive Capacity-Fluctuations in Demand Threaten

Profitability

"Balancing the supply and demand sides of a service industry is not easy, and whether a manager does it well or not makes all the difference."

\- W. Earl Sasser Professor at Harvard Business School

For the firms with fixed capacity, the very familiar problem is – "It's either feast or famine for us!". Generally, demand and supply are not balanced in all the seasons. During peak season the businesses are doing extremely well, while some customers are disappointed too. Because they turned up after the room is full. While, during the down season the facilities are idle, the employees do not enough work, and businesses lose their money.

At any assumed moment of time, a firm with the fixed capacity service may face one of the following four situations:

- Excess demand
- Demand exceeds optimum capacity
- Demand and supply are well balanced
- Excess capacity

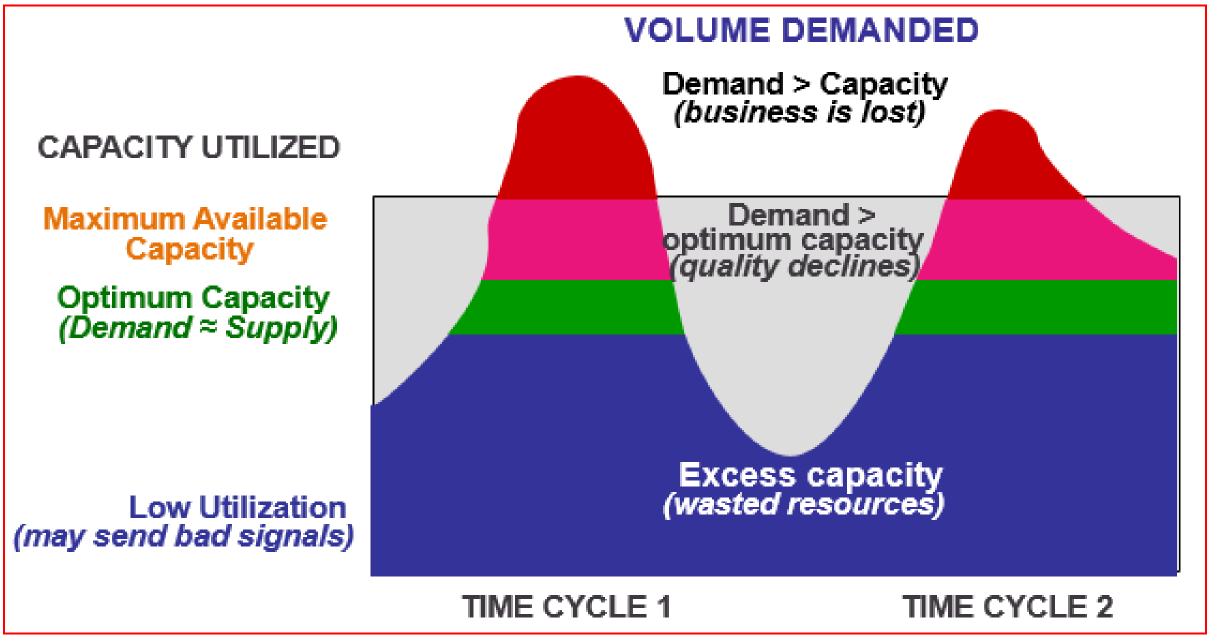

Figure 4.8: implication of deviation in demand relative to fixed capacity

Defining the productive capacity

What is the productive capacity? In case of services, the productive capacity can take several forms in services, which are listed below:

- Physical facilities designed to customers
- Physical facilities designed for storing or processing services
- Physical equipment used to process people, possessions, or information
- Labour (involved in the delivery of the service)
- Infrastructure (facilities)

How these four situations work are listed below:

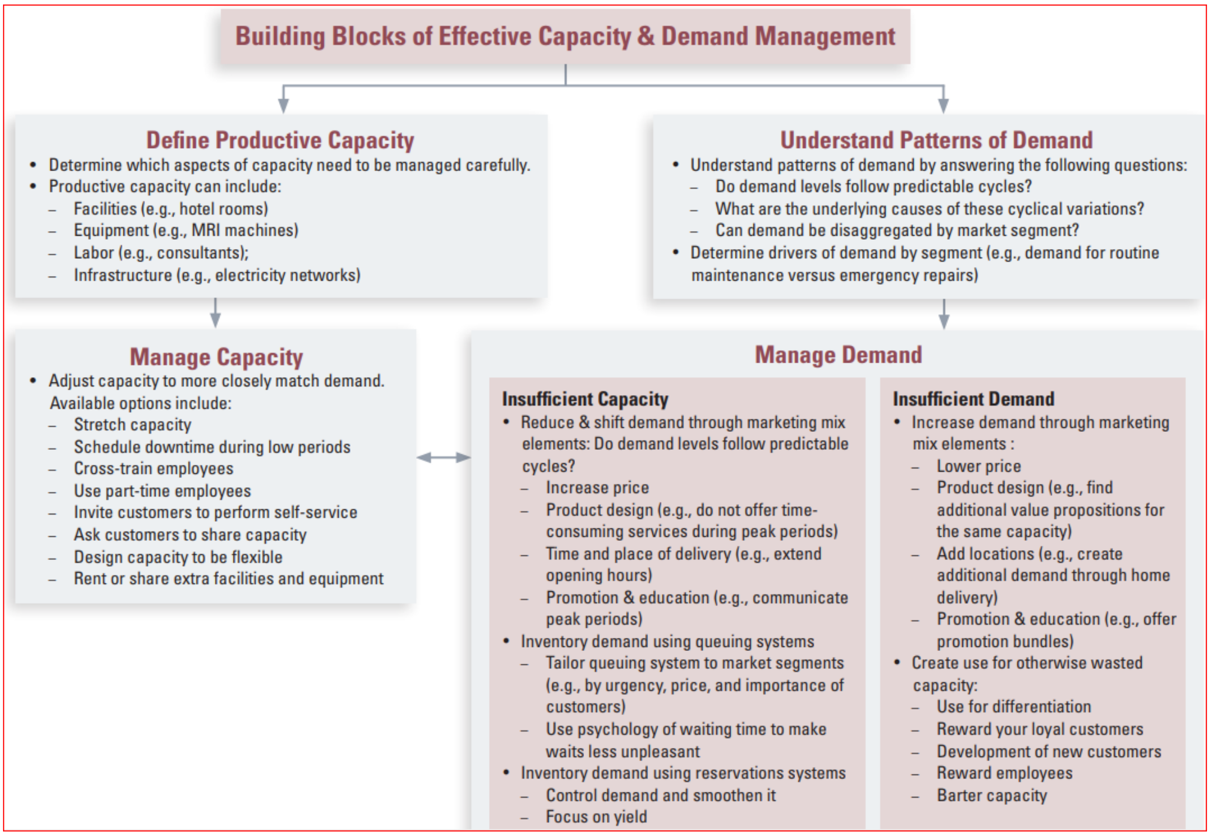

Figure 4.9: Building chapters of effective capacity and demand management

Excess demand: the demand of the service exceeds to the capacity of the firm. Which result in service denying to some customer and business is in loss.

Demand exceeds optimum capacity: When the service facility is overcrowded and inferior quality of service is delivered.

Demand and supply are well balanced: The customers receive the superior quality of service, without any delay. The employees and facilities are busy at optimum level.

Excess capacity: When the resources are below optimum level with low productivity in all sectors. The customers may observe a doubt about the viability of the service.

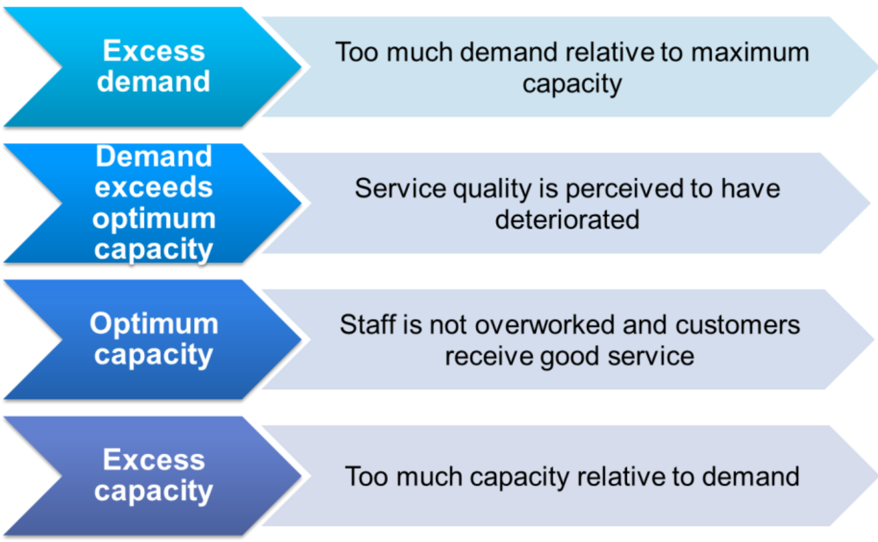

Figure 4.10: From excess demand to excess capacity

Addressing Problem of Fluctuating Demand

The problems of fluctuating demand and capacity can be solved with two basic approaches of which most firms use a mix of:

- Adjust level of capacity functionality to meet demand
    - The firm need to understand productive capacity, and
    - How it contrasts on an incremental basis?
- Manage level of demand
    - Use marketing strategies (promotional functions) to smooth out peaks, fill in through or valleys
    - Inventorying demand (postponing) until capacity becomes available

Managing Capacity

All the service firms do have limited capacities. However, there could be number of ways to adjust the capacity to reduce the challenges with the firms. Capacity can be adjusted to stretch or shrunk the overall capacity to match the actual demand. The best way to enable people for serving more people with same level of capacity. Stretching and shrinking are possible through:

- Offer inferior extra capacity at peaks (e.g., bus/train standees)
- Use facilities for longer/shorter periods
- Reduce amount of time spent in process by minimizing slack time

Adjusting capacity includes tailoring the overall level of capacity to make dissimilarities in demand – this is also known as **chasing demand** strategy. There could be some action, which managers can make to adjust capacity as demanded. These actions may vary from easiest to the difficult one, as follows:

- Scheduling downtime during low demand periods
- Cross-train employees
- Use part-time employees
- Invite customers to perform self-service (sometimes known as SST-Self Service Technology; i.e., ATMs, vending machines etc.)
- Ask customers to share
- Create flexible capacity
- Rent or share facilities and equipment (may be form competitors)

Information Needed for Demand and Capacity Management Strategies

For solving the many challenges, belongs to the demand and supply equation the firm needs multi-dimensional information. The diagram below explains well what could the different forms of information needed for analysis.

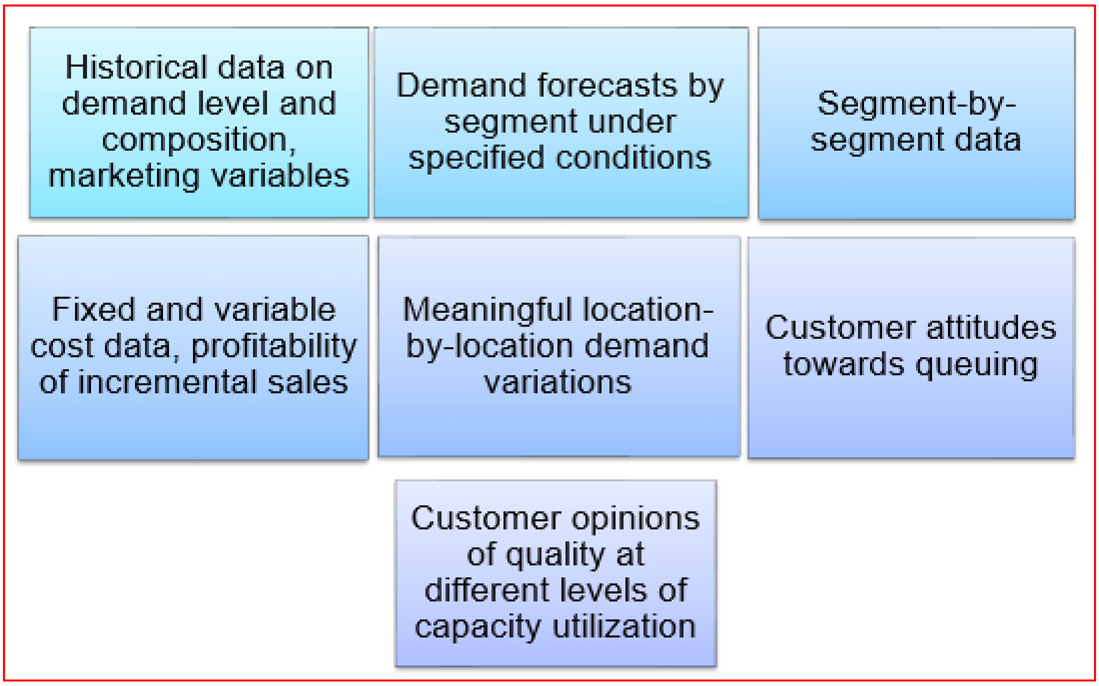

Figure 4.11: Information needed for developing the strategies to solve the problems in concern of demand and capacity

Activity 3	
Identify some specific examples of firms in your region that significantly change their product and/or marketing mix in order to increase patronage during low demand periods.	

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4.4 Crafting the Service Environment

Designing of the service environment is considered as an art that involves – time and effort. It can be expensive to implement. Service environments narrate to the appearance of the physical environs and other experiential essentials encountered by customers at the sites of service delivery. Crafting the Service Environment emphases on the important dimensions of service environments in the service scape model and not much on its other aspects.

"Managers…need to develop a better understanding of the interface between the resources they manipulate in atmospherics and the experience they want to create for the customer."

- Jean-Charles Chebat and LauretteDubé Professors of Marketing at HEC Montréal Business School and McGill University, Montréal respectively

The physical service environment clients experience assumes a key job informing service involvement and improving consumer loyalty, particularly in high-contact, human handling services. Structuring the service environment is workmanship that includes a ton of time and exertion, and can be costly to execute. Service environment, additionally called services capes, identity with the style and appearance of the physical environment and other experiential components experienced by clients at service conveyance sites. Once structured and fabricated, service situations are difficult to change. The focal point of this volume is on the key elements of service situations in the services cape display and very little on its different angles - can be understood better by the figure below.

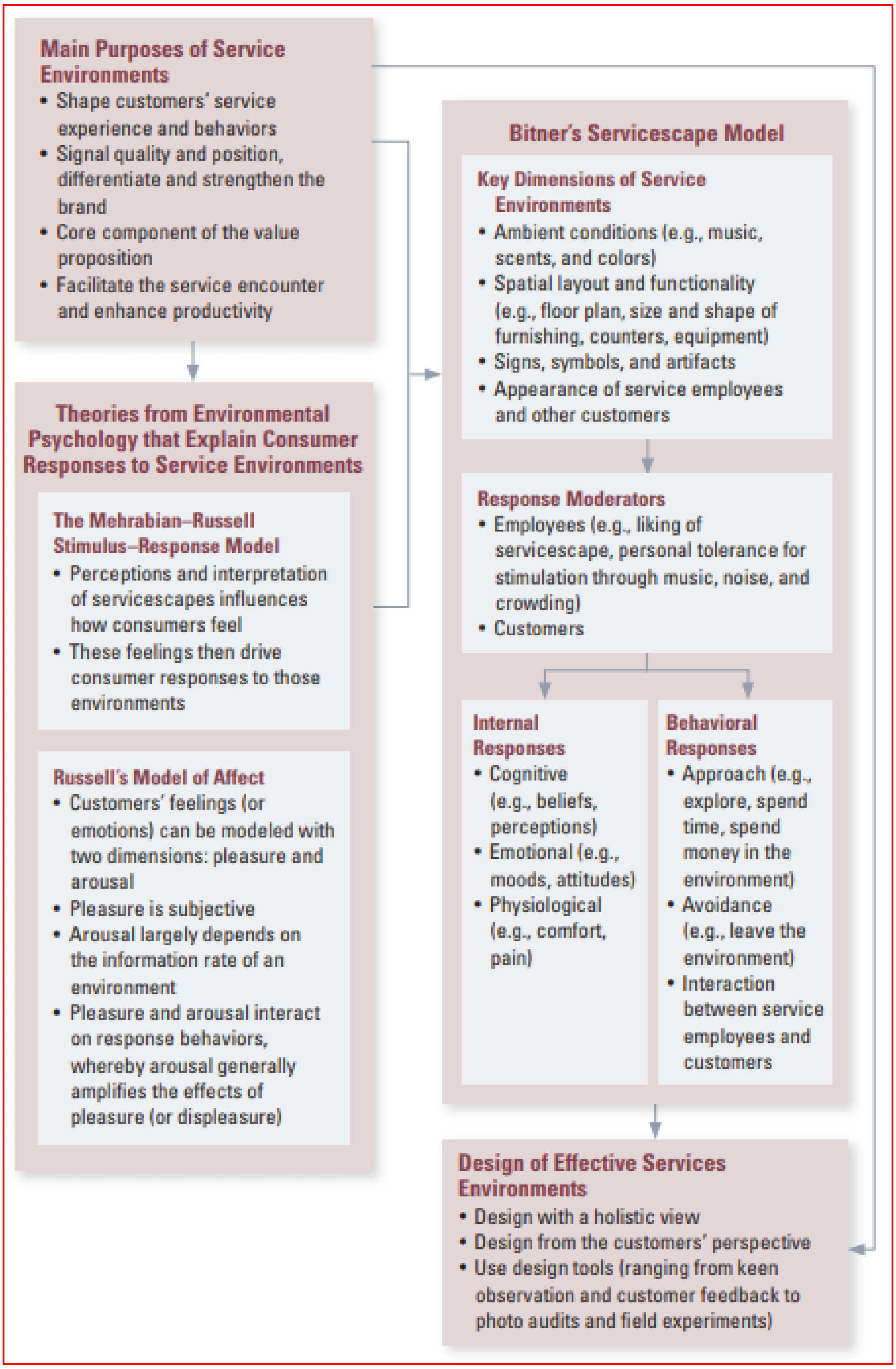


Figure 4.12: Organizational framework

What is the purpose of service environments?

Why service firms take too much pain to shape the environment? They design it with their customers and service personnel - who evaluate the services. For many service firms, there are four main determinations of service scapes:

- shape customers' experiences and actions;
- signal quality and position, discriminate and reinforce the brand;

- be a core component of the value proposition; and
- facilitate the service encounter and enhance both service quality and productivity.

Shape Customers' Experiences and Behaviours

The organizations who deliver high-involvement services, the design of the physical environment and the way in which tasks are performed by the people, shapes the nature of customers' experiences. Physical surroundings help to "engineer" appropriate feelings and reactions in customers. Which can help us in building loyalty to the firm. The environment and surrounding can affect the customers' behaviour and experience in many ways. We need to learn that how designing a service environment can excite and relax your customers. This will result in quality perception, buying behaviour, satisfaction, and repeat purchase.

Signal quality and position, differentiate and strengthen the brand

Generally, the services are intangible in nature, and that is why customers cannot assess the quality of services well. In that situation customers use the service environments an important quality and hence firms use to signal quality and represent the desired image. Because of this you might have observed grand reception at hotels, investment bankers, and consulting firm to impress the customers.

Core component of the value proposition

The services cape (service environment or surroundings), sometimes can be core component of a firm's value proposition. The example can be considered from amusement parks, resorts, hotel, and clubs etc.

Facilitate the service encounter and enhance both service quality and productivity

Servicescape are generally designed to facilitate the service encounter and thus to increase the productivity. Richard Chase and Douglas Stewart have highlighted the ways in which fail-safe methods embodied in the service environment. Which may help in reducing service failure and support a smooth service delivery process.

The theory behind Consumer Responses to Service Environment

Before going further, we need to understand that why service firms takes so much efforts to design a service scape. What level of effects can be produced on the behaviour of people by proper designing of service environment? Let us go into depth of what arouse people?

Feelings Are a Key Driver of Customer Responses to Service Environments

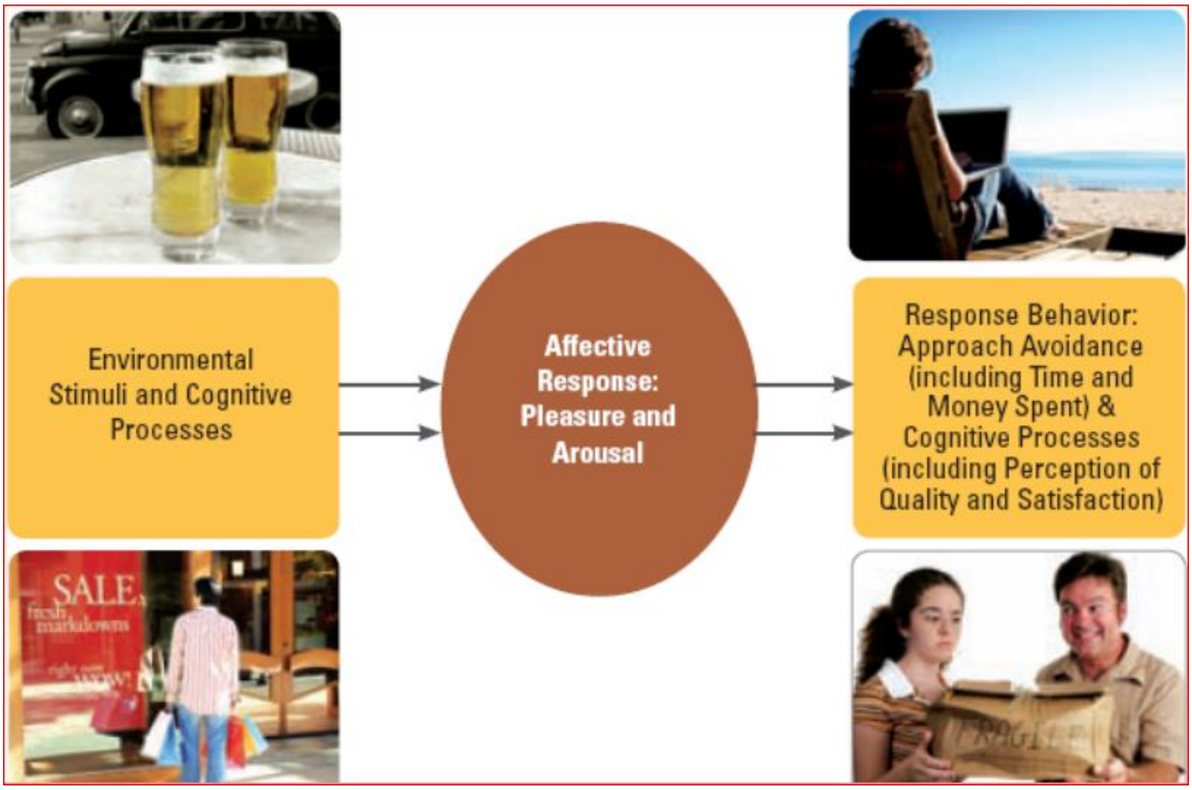


Figure 4.13: The Mehrabian-Russell Stimulus-Response Model

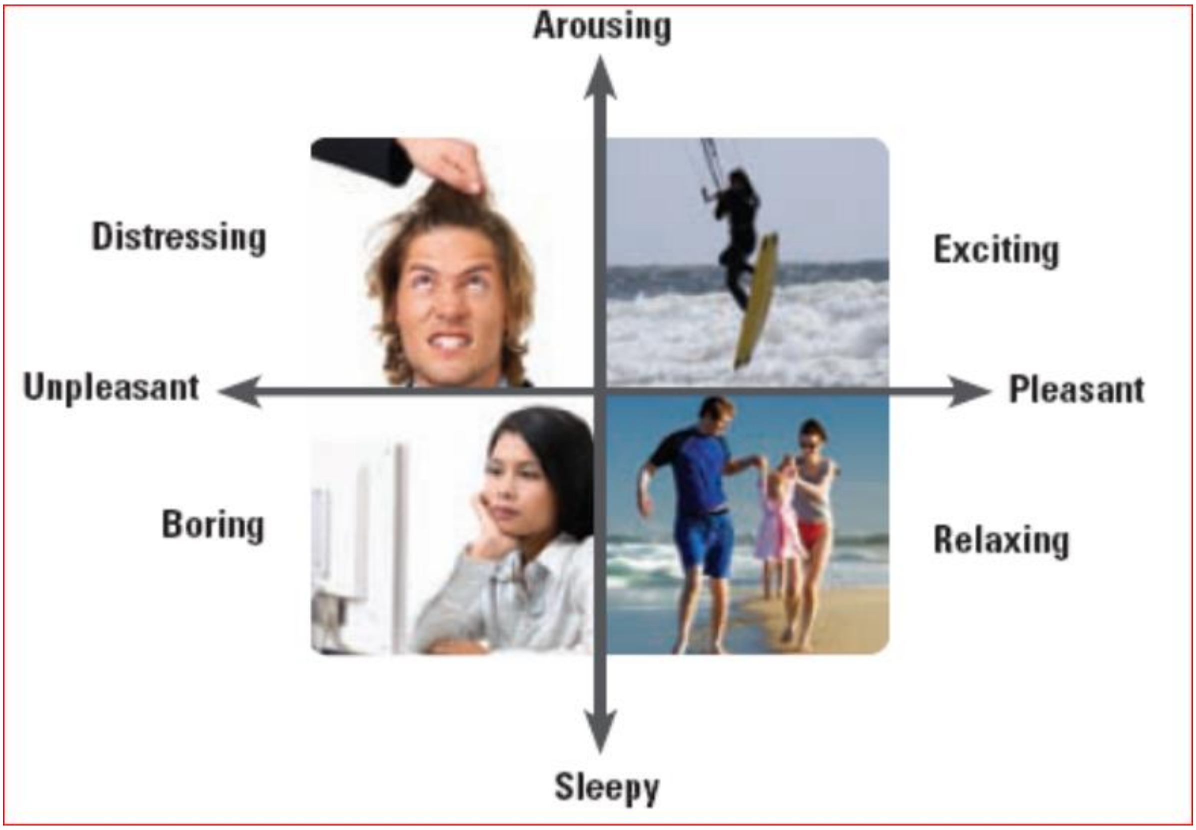


Figure 4.14: The Russell Model of Affect

The Effect of Ambient Conditions

Color	Degree of Warmth	Nature Symbol	Common Association and Human Responses to Color
Red	Warm	Earth	High energy and passion; can excite and stimulate emotions, expressions, and warmth
Orange	Warmest	Sunset	Emotions, expressions, and warmth
Yellow	Warm	Sun	Optimism, clarity, intellect, and mood enchancing
Green	Cool	Growth, grass, and trees	Nurturing, healing, and unconditional love
Blue	Coolest	Sky and ocean	Relaxation, serenity, and loyalty
Indigo	Cool	Sunset	Meditation and spirituality
Violet	Cool	Violet flower	Spirituality, reduces stress, can create an inner feeling of calm

Figure 4.15: Common Associations and Human Responses to Colours

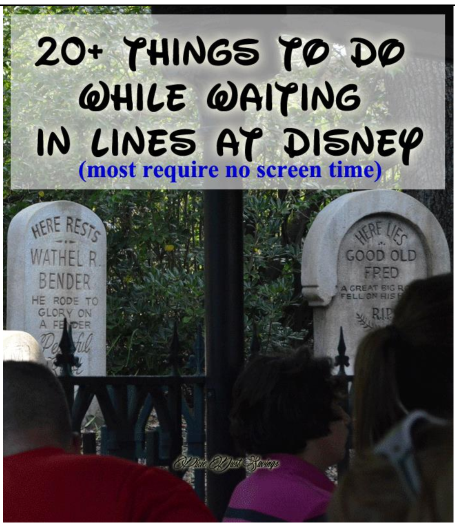
Spatial Layout and Functionality

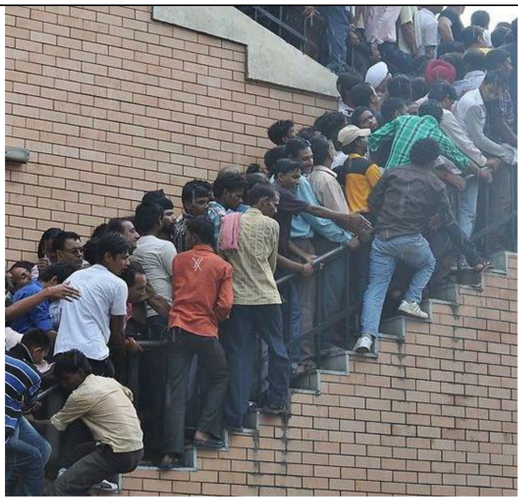
Steps in the Service Encounter	Design of the Service Environment	
	Exceeds Expectations	**Fails Expectations**
Locate a parking lot	Ample room in a bright place near the entrance, with a security officer protecting your valuables	Insufficient parking spaces, so patrons have to park in another lot
Queue up to obtain tickets	Strategic placement of mirrors, posters of upcoming movies, and entertainment news to ease perception of long wait, if any; movies and time slots easily seen; ticket availability clearly communicated	A long queue and having to wait for a long while; difficult to see quickly what movies are being shown at what time slots and whether tickets are still available
Check tickets to enter the theater	A very well-maintained lobby with clear directions to the theater and posters of the movie to enhance patrons' experience	A dirty lobby with rubbish strewn, and unclear or misleading directions to the movie theater
Go to the restroom before the movie starts	Sparkling clean, spacious, brightly lit, dry floors, well-stocked, nice décor, clear mirrors wiped regularly	Dirty, with an unbearable odor; broken toilets; no hand towels, soap, or toilet paper; overcrowded; dusty and dirty mirrors
Enter the theater and locate your seat	Spotless theater; well designed with no bad seats; sufficient lighting to locate your seat; spacious, comfortable chairs, with drink and popcorn holders on each seat; and a suitable temperature	Rubbish on the floor, broken seats, sticky floor, gloomy and insufficient lighting, burned-out exit signs
Watch the movie	Excellent sound system and film quality, nice audience, an enjoyable and memorable entertainment experience overall	Substandard sound and movie equipment, uncooperative audience that talks and smokes because of lack of "No Smoking" and other signs; a disturbing and unenjoyable entertainment experience overall
Leave the theater and return to the car	Friendly service staff greet patrons as they leave; an easy exit through brightly lit and safe parking area, back to the car with the help of clear lot signs	A difficult trip, as patrons squeeze through a narrow exit, unable to find the car because of no or insufficient lighting

Figure 4.16: A Visit to The Movies: The Service Environment as Perceived by The Customer

Activity 4

Select good and bad waiting situations and contrast the two situations with respect to the service environment and other people waiting.





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4.5 Managing People for Service Advantage

The firms, who are offering the services with customer-facing positions have to maintain strong frontline executives. These executives play an important role in determining market success and financial performance. That is why the People as the 7th element is very popular and considered important.

The most demanding jobs in the service sector are the frontline jobs. The employees doing these jobs are considered boundary between internal and external environment of the organisation. They are expected to respond quickly. Deliver a fast and efficient in executing operational tasks, need to be very courteous and helpful.

Behind majority of today’s successful service organisation stands a firm commitment of effective management of human resources (HR) throughout the process starting from recruitment, selection, training, motivation, and retention of the employees. Highly capable and motivated people are the centre of service excellence.

Frontline Employees Are Important

- Are a core part of the service product
- Are the service firm in the eyes of the customer
- Are a core part of the brand, deliver the brand promise
- Sell, cross-sell and up-sell
- Are a key driver of customer loyalty
- Determine productivity

HR in Service Firms Is Challenging

Frontline Work Is Difficult & Stressful

- Boundary-spanning positions
- Link the inside of the organization to the outside world
- Have conflicting roles that cause role stress:
  - Organization/client conflict
  - Person/role conflict
  - Inter-client conflict
- Require emotional labor

Basic Models of HR in Service Firms

- Cycle of Failure
  - Low pay, low investment in people, high staff turnover
  - Result in customer dissatisfaction, defection, and low margins
- Cycle of Mediocrity
  - Large bureaucracies; offer job security but little scope in the job itself
  - No incentives to serve customers well
- Cycle of Success
  - Heavy investment in recruitment, development, and motivation of frontline employees
  - Employees are engaged and productive
  - Customers are satisfied and loyal, margins are improved
  - Pleasure (or displeasure)

How to Get HR Right — The Service Talent Cycle

Hire the Right People

- Be the preferred employer and compete for talent market share
- Intensify the selection process to identify the right people for the organization and given job
  - Conduct multiple structured interviews
  - Use personality tests
  - Observe candidate behavior
  - Give applicants a realistic preview of the job

Enable the Frontline

Training & Development

- Conduct extensive training on:
  - Organizational culture, purpose, & strategy
  - Interpersonal and technical skills
  - Product/service knowledge
- Reinforce training to shape behaviors
- Use internal communications/marketing to shape the service culture and behaviors
- Professionalize the frontline

Empower the Frontline

- Provide discretion to find solutions to service problems and customization of service delivery
- Set appropriate levels of empowerment depending on the business model and customer needs
- Empowerment requires: (1) information about performance, (2) knowledge that enables contribution to performance, (3) power to make decisions, and (4) performance-based rewards.

Organize Frontline Employees into Effective Service Delivery Teams

- Use cross-functional teams that can service customers from end-to-end
- Structure teams for success (e.g., set goals, carefully select members with the right skills)
- Integrate teams across departments and functional area (e.g., cross-postings, and internal campaigns such as "walk a mile in my shoes" and "a day in the field")

Motivate the Frontline

- Energize and motivate employees with a full set of rewards
- Rewards should include pay, performance bonuses, satisfying job content, feedback and recognition, and goal accomplishment

Service Culture, Climate, & Leadership

Service Culture

- Shared perceptions of what is important in an organization
- Shared values and beliefs of why those things are important

Climate for Service

- Climate is culture translated into policies, practices, and procedures
- Shared perception of practices and behaviors that get rewarded

Leadership

- Qualities of effective leaders
- Leadership styles that focus on basics versus transformation
- Strong focus on frontline

Figure 4.17: Organizing framework – managing people for service advantage

The service levels, and the way service is delivered by frontline employees can be an important source of differentiation as well as competitive advantage. But why are service employees so important to customers and the firm's competitive positioning? This is because the frontline:

- Is considered as a core part of the product: Generally, service employees are the most visible component of the service. They deliver the service and affect service quality greatly.
- Is the service firm: Frontline employees represent the service firm, and, from a customer's perspective, they are the firm?
- Is the brand: Frontline employees and the service they provide are often a core part of the brand. It is the employees who determine whether the brand promise is delivered.
- Affects sales: Service personnel are often extremely important for generating sales, cross-sales, and up-sales.
- Determines productivity: Frontline employees have heavy influence on the productivity of frontline operations.

Challenges of Frontline Executives

The work of executives, involved on frontline tasks is difficult and extremely challenging because they are in boundary-spanning locations which often involve:

- Organization/client conflicts
- Person/role conflict
- Inter-client conflicts
- Emotional labor and emotional stress

The Cycles of Failure, Mediocrity, and Success

There are cycles involving the employees from frontline executives and customers to describe how firms can be prepared for failure, mediocrity, and success. There are three types of strategies:

The Cycle of Failure involves a low pay and high employee turnover strategy, and as a magnitude, results in highly dissatisfaction of customer.

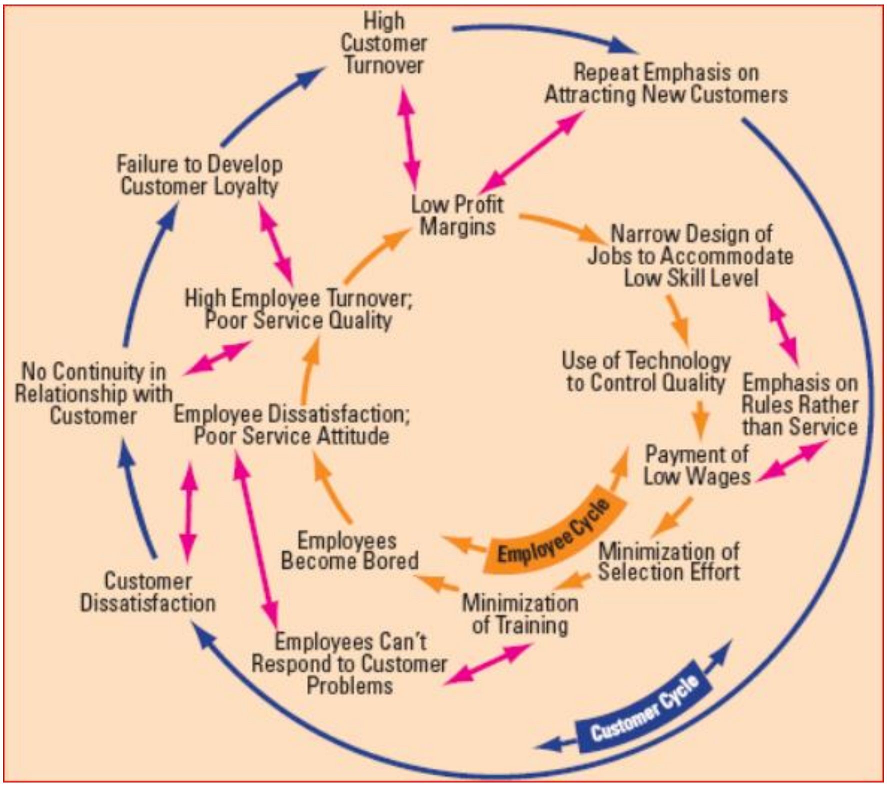

Figure 4.18: The cycle of failure

The Cycle of Mediocrity is typically found in large organizations, offering job security but not varied and much scope in the job. There is no incentive to deliver customers well.

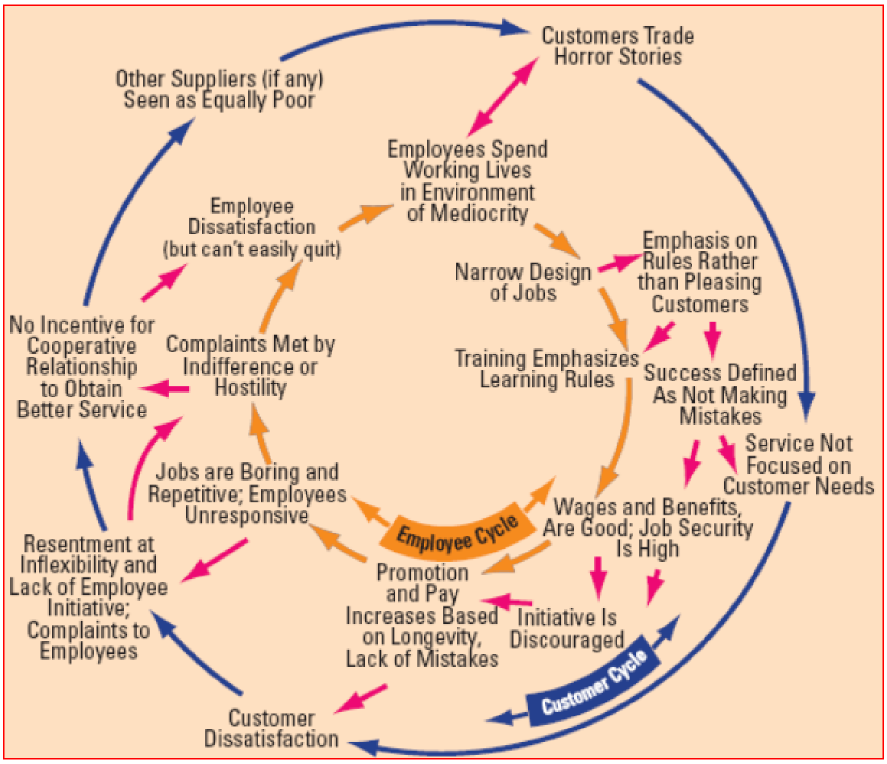

Figure 4.19: The cycle of mediocrity

Successful service organisations function in the **Cycle of Success**, where executives are satisfied with their jobs. They are found to be productive, and as a result, customers are satisfied and loyal. Higher profit permits investment in the recruitment, development and motivation of the appropriate frontline executives.

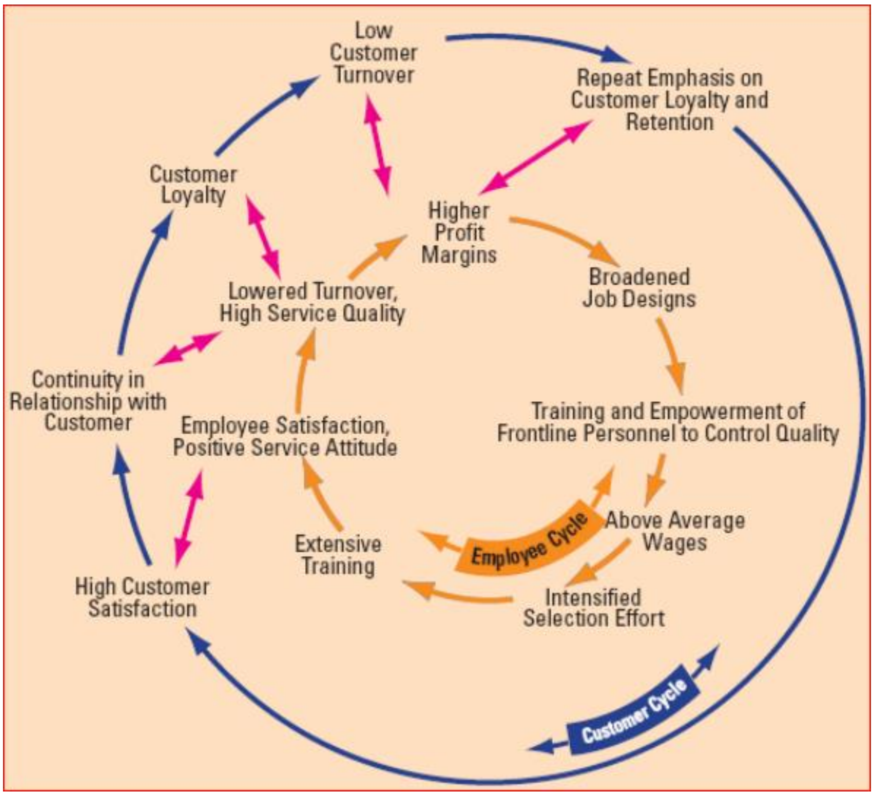

Figure 4.20: They cycle of success

The Service Marketing Triangle – Internal Marketing

The modern age firms use internal communications with the employees or executives (also referred to as "internal marketing") to strengthen the firm's service culture to everyone in the company. An effective and efficient mix of internal communications tools should be used (e.g., emailers, magazines, videos, briefings, and promotional campaigns using displays, prices, and recognition programs. A diagram below will help you in understanding the role of internal marketing in delivering an effective and efficient service memory.

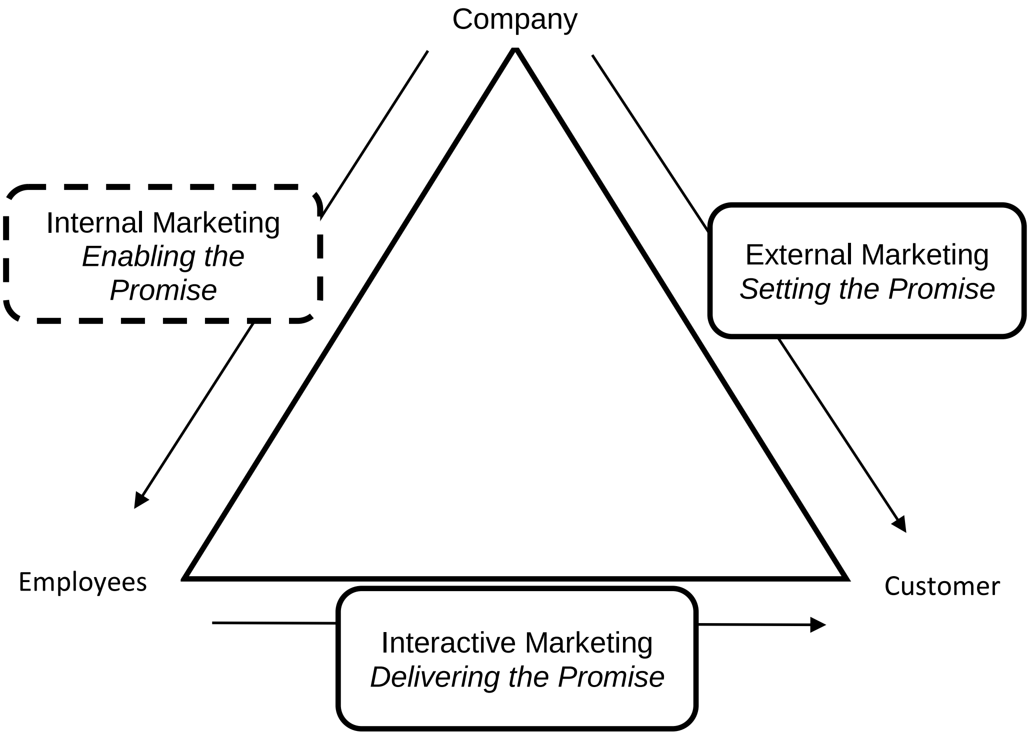

Figure 4.21: Services marketing triangle (Kaurav, Prakash, & Baber, 2017)

Model Questions

Q. 1. What are the important steps in designing the service?

Q. 2. Which factors should be considered in designing the service experience?

Q. 3. Differentiate flowcharting and blueprinting of services.

Q. 4. Why blueprinting is prefered over flowcharting? What rate advantages for using bluecharting?

Q. 5. Why service redesigning is required? Explain steps involved in this.

Q. 6. Elaborate the reasons why demand and supply differentiate.

Q. 7. What are the strategies to manage capacity?

Q. 8. Explain step by step, how servicescape (services environment) can be planned.

Q. 9. Elaborate the theory behind consumer responses to services environment.

Q. 10. How to manage the people for offering the superior value to the consumers?

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Chapter 5 Implementing Profitable Services Strategies

For any of organization, offering the products and services to its consumers, the most important thing to keep in mind is to retain the customer. For the desired purpose, the organizations tend to develop manage the relationship with customer and develop loyalty among the customer.

After completing the Chapter, the reader will be able to:

1. Understand antecedents and consequences of customer loyalty;
2. Develop and implement strategies for managing complaint handling;
3. Develop and implement strategies for improving service quality;
4. Perform GAP analysis to determine fluctuations in demand.

Learning Objectives

By end of this chapter, the reader will be able to

- recognize role of customer loyalty towards profitability of firms
- identify factors which affect customer loyalty
- understand relationship between satisfaction and loyalty
- identify factors which force customers to switch firms
- manage customer base which would affect customer loyalty

5.1 Introduction to Customer Loyalty

Customers display loyalty when they constantly purchase a certain product or brand over an extended period of time. For a firm, loyal customer means a consistent source of revenue. Various researches in the past have indicated, longer the customer stays with the company, more profitable it becomes for the company. There are various factors which affect the profit earned by the supplier over the period of time.

1. Increasing profit are derived from increase in the purchases by the consumers over the long period of time.
2. Increasing profits are derived from reduction in cost related to customer service.
3. Profits are also increasing due to referrals made by various existing customers.
4. Profits increase as loyal customer become less sensitive to the increased price and tend to pay premium prices.
5. Over the longer period, there is amortization in acquisition costs.

Assessing Value of the Loyal Customer

It's an error to accept that loyal customers are at all times more profitable than those who make one-time businesses. Various studies in the past have indicated that over the period, as per the service product life cycle, the profits earned from loyal customers fluctuate. The profits generally do not essentially rise with period for every kind of customers.

The Gap between Actual and Potential Customer Value

The companies which seek for profits, the customer with probable profitability, should be a considered an important driver towards development of marketing strategy. As per Grant and Schlesinger "Achieving the full profit potential of each customer relationship should be the fundamental goal of every business. Even using conservative estimates, the gap between most companies' current and full potential performance is enormous." They advised analysis of the gaps amongst the real and prospective worth of customers:

- Identifying the present buying behaviour of customers in each segment which is targeted? What will be influence on sales along with the profits if they displayed the model behaviour profile of
  (a) buying all amenities which are presented by the company to the customer,

  (b) segregation of any acquisitions from customer/competitors, and

  (c) payment of highest price?
- What is the mean time do customers stay with the organization? What would happen, if they stayed or whole life?

Why Customers are Loyal?

In the wake of seeing how imperative loyal customers are main concern of the marketing firm, they should investigate what results in creation of a customer loyal. One should understand customers are not characteristically loyal to any one firm! Or maybe, the firm has to give its customers motivation to merge their purchasing with us and after that stay with them. The firm have to make an incentive for them to turn into what's more, stay loyal. Research has demonstrated that connections can make an incentive for person customers through such factors as rousing more noteworthy certainty, offering social benefits, furthermore, giving extraordinary treatment

Understanding the Customer-Firm Relationship

Before investigating how a firm can effectively enhance customer loyalty, how about firm comprehend the distinctive sorts of associations the customers could have with the specialist service organizations. There's a central refinement between procedures planned to create a solitary exchange furthermore, those intended to make broadened relationships with customers.

Transactional Marketing

A transaction is an event, in which there is a trade of substantial value which happens between two gatherings. One transaction or even a single progression of transactions don't really establish an association, which needs common acknowledgment and familiarity between the gatherings. At whatever point each transaction amid a purchaser and a dealer is basically distinct and peculiar, with no whole deal archives reserved of a client's revenue history, and by zero mutual assertion amid the buyer and seller, by then no critical advancing rapport can be supposed to exist.

Relationship Marketing

The term relationship showcasing has been generally used to portray the sort of promoting action intended to make broadened associations with clients, yet as of not long ago it was just approximately characterized. A research by Coviello, Brodie, and Munro suggests that no less than three unmistakable classifications of what they termed as social promoting: database, interaction, and network marketing.

Database Marketing

In database marketing, the emphasis is continuously transactional, however at this point it incorporates data trade. Advertisers depend on data innovation, for the most part as a database, to frame an association between focused customers and hold their support after some time. Be that as it may, the characteristics of these relationships is that frequently is certainly not a nearby one, with correspondence driven and overseen by the merchant. Innovation is utilized to (1) recognize and assemble a database of present and would-be customers, (2) convey separated messages dependent on purchasers' qualities what's more, inclinations, and (3) track every relationship to screen the expense of gaining the shopper and the lifetime estimation of the subsequent purchases. Although innovation can be utilized to customize the relationship, relations regularly remain to some degree inaccessible. Utility services, for example, power, gas, and satellite TV are genuine examples.

Interactional Marketing

A cozy relationship frequently exists in up close and personal interactions among clients and representatives of the dealer (or "ear-to-ear" communication on telephone). In spite of the fact that the administration itself stays critical, esteem is included by individuals along with social procedures. These interactions may incorporate arrangements and distribution of bits of information in both bearings. This sort of relationship exists in numerous nearby administration markets, going from network of various services, in which purchaser and dealer identify and have belief on one another. It is additionally ordinarily found in numerous B2B services. Both the firm and the customer are readied to contribute assets to build up a mutually gainful relationship. This speculation may incorporate period utilized for allotment and recording data. As administration organizations become bigger and make expanding utilization of advances, for example, intelligent sites and self-administration innovation, keeping up significant associations with clients turns into a critical test of marketing skills. Services firms with substantial customer discover it progressively hard to fabricate and keep up significant relationships through call focuses, sites, and different mass-distribution channels.

Network Marketing

When most often stated that somebody is a "good networker" since the person in question can place people in contact with other people are in a common intrigue. In a B2B setting, advertisers work to build up a system of relationships with customers, merchants, sellers, specialists, exchange affiliations, government organizations, contenders, and even their customers. Frequently, a group of people inside the supplier's firm work together to give successful support of a parallel group inside the customer's organization.

Developing Member Relationship

The idea of the present association with customers can be dissected by asking primarily that: Do the dealer go into an official "affiliation" association with customers, similarly as with phone connection, managing an account, and the household expert? Or on the other hand is there no categorized relationship? Second: Is the services firm delivering consistently throughout the period, as in insurance, broadcasting etc.? Or on the other hand is every transaction recorded and charged independently? A membership bond is a formal association among the services firm and an identifiable consumer who regularly gives excellent profits to the both of the parties. Distinctive transactions, in which each utilization includes an instalment to the administration supplier by a basically "unknown" purchaser, are regular users of services like conveyance, restaurants, and shoe repairs. The major issues faced by the marketers of such services is that, in the end they will in general be less known to market than their partners in membership-type associations about who their customers are and how every customer utilizes the organization. Highly placed experienced managers in services firms offer distinctive transactions need to effort somewhat harder to build up associations with the managers.

The Wheel of Loyalty

In extensive organizations with considerable customer bases, transactions can in any case be changed into relationships by providing additional benefits to customers who are registering with the firm This demonstrates despite the fact that firms put colossal measures of cash and exertion into loyalty activities, they frequently are not effective in building genuine customer loyalty. Figure 5.1 it is illustrated as a positioning of systems for pondering how to assemble customer loyalty. It involves three successive schemes.

- First, the services firm requires a concrete foundation for making customer loyalty that joins concentrating on the correct game plan of consumer areas, pulling in the correct customers, categorizing the organizations, and finally passing on irregular measures of satisfaction.
- Secondly, to really develop loyalty among the consumers, the services firm must improve close by associations with its customers that also shape up the association via deliberately

pitching and bundling or increment the estimation of the customer through loyalty prizes and progressively hoisted sum securities.

- Third, the firm requires to recognize and dispose of the apparatuses that outcome in "agitate"— the loss of existing clients and the necessity to displace them with new ones.

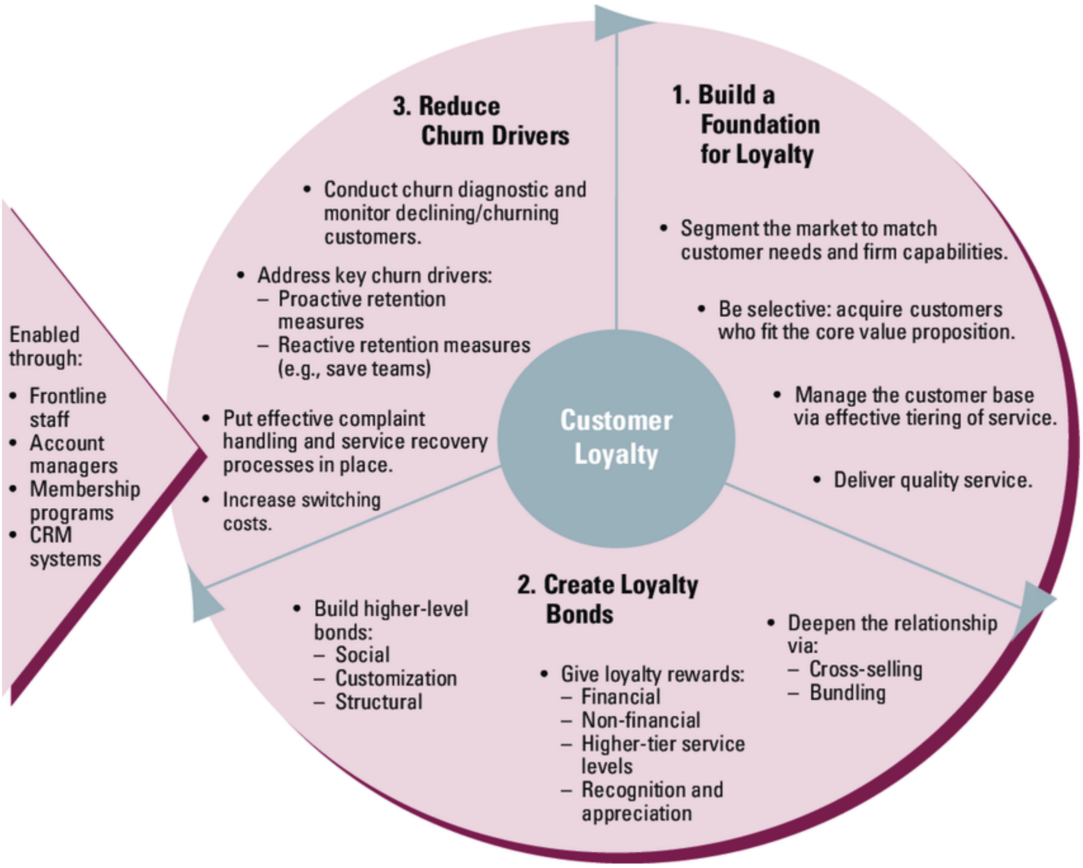

Figure 5.1: Wheel of Loyalty

Building a Foundation for Loyalty

We stress the position of concentrating on portion a collection of numerous needed consumer segments, and then solving problems to minimum and preserve their loyalty via well-conceived relationship marketing strategies.

Targeting the Right Customer

Loyalty the executives begins with sectioning the market to coordinate customer needs and firm capacities, to put it plainly, distinguish and focus on the correct customers. "Who should we be serving?" is an inquiry that each administration business needs to raise occasionally. Customers regularly contrast broadly as far as necessities. They additionally vary regarding the esteem they can contribute to an organization. Not all customers offer a solid match with the association's abilities, conveyance innovations, and key course. Organizations should be specific about the portions they target on the off chance that they need to fabricate effective customer relationships. This implies concentrating on getting customers who fit the fundamental belief recommendation! Coordinating of the customers to the services firm's abilities is essential. All of the managers must ponder how customer wants are identified with such operational components as speed and quality, the occasions when administration is accessible, the firm's ability to serve numerous customers at the same time, and the physical highlights and appearance of administration offices. They likewise need to think about how well their administration faculty can meet the desires for explicit kinds of customers, as far as both individual style and specialized capability. To end, services firms have to ask a question to themselves whether the services organization could coordinate/surpass contending services coordinated at similar sorts of customers.

Focus on Value, Not Volume

Too many service firms still spotlight on the quantity of customers they serve without giving adequate regard for the estimation of every customer. As a rule, overwhelming clients who purchase all the more much of the time and in bigger volumes are more gainful than incidental clients. Hallowell makes this point pleasantly while keeping view the banking sector.

Relationship clients are by definition not purchasing product administrations. Administration clients who purchase entirely dependent on least value (very small in many marketplaces) are bad target clients for association for promoting any case. They are bargain inclined, persistently look for the least cost on proposal, and change effectively. Leaders in loyalty are exacting about procuring just correct clients, the organizations have been envisioned to deliver really uncommon esteem. Getting the correct clients can get long haul revenues, proceeded with development from recommendations, and improved satisfaction of the workers who day to day jobs are enriched when they bargain with pleased clients. Pulling in the wrong clients commonly results in expensive beat, a decreased company reputation, and baffled workers. Incidentally, usually the organizations that are exceedingly engaged and particular in their acquisition—as opposed to those that attention on unbridled acquisition—that develop quick over extensive periods. So also, the spending examples of a few customers might be steady after some time, while those of others might be progressively patterned, spending vigorously in blast times yet reducing strongly in recessions. An insightful advertiser looks for a blend of segments so as to decrease the dangers related with instability. It should be kept in mind that the right customers are not always big spenders.

Tiering of Services for Increasing Customer Base

Marketers should tier services for better segregation of customers and offer them value services. Customers should be retained, upgraded for better developing never-ending relationship with company. Zeithaml, Rust, and Lemon demonstrated this principle from end to endusing a four-level pyramid (Figure 5.2)

- **Platinum.** These consumers establish an exceptionally little level of a company's client base.
- **Gold.** This level includes a larger level of consumers than the platinum, yet singular consumers pay less benefit than platinum consumers.
- **Iron.** These customers are largest of the client base. The firm achieves economies of scale through these consumers.
- **Lead.** Customers in this level will in general produce low level of revenues for a firm however regularly require indistinguishable dimension of service from iron customers.

The exact attributes of customer levels for the most part fluctuate, obviously, starting with one sort of business then onto the next and even starting with one firm then onto the next. Customer levels regularly depend on profitability and their administration needs. As opposed to giving a similar dimension of administration to all customers, each section gets an administration level that is modified dependent on its requirements and incentive to the firm.

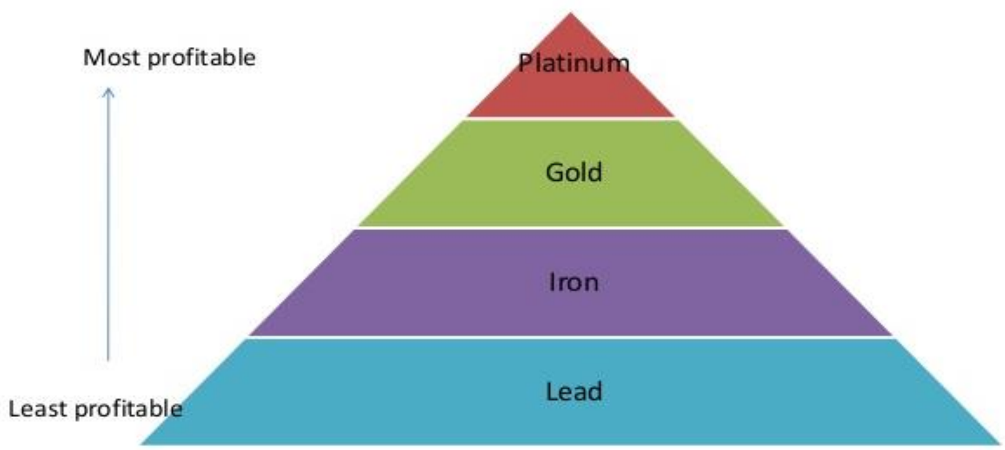

Figure 5.2: The Customer Pyramid

5.2 Requirements for Loyalty: Customer Satisfaction and Service Quality

The establishment for genuine loyalty is found in satisfaction, for which quality of service is a key area of concern. Exceptionally fulfilled or even enchanted customers are almost certain to end up faithful missionaries of a firm, combine their purchasing with one provider, and spread affirmative word amongst consumers. Dissatisfaction, interestingly, pushes the existing customers away and plays a key role in switching conduct of the customer.

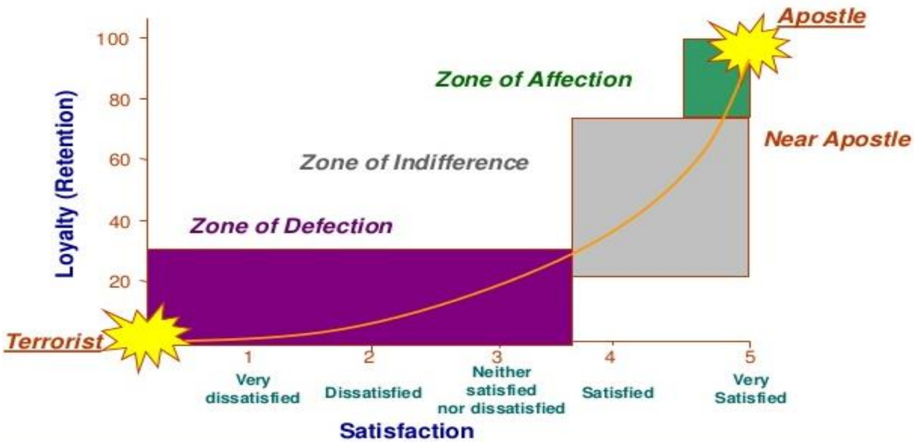

Figure 5.3: The Customer Satisfaction-Loyalty Relationship

The satisfaction-loyalty bond can be separated into three fundamental zones: defection, indifference, and affection (see Figure 5.3). The zone of defection happens at low fulfilment levels. Customers will switch except, in case only when the switching costs are high or there are no suitable options available. Very disenchanted customers in most of the cases transform into "terrorist," giving a great amount of negative input about the services supplier to the people in contact. The zone of indifference is found at middle satisfaction levels. Here, customers are eager to switch on the chance that they locate a superior option. At long last, the zone of affection is positioned at outstandingly extraordinary satisfaction levels, where customers may have such high attitudinal loyalty that they don't search for service suppliers.

Strategies for Developing Bonds with Customers

Developing a correct assortment of customer sections, pulling in the correct customers, categorization of the services firm, and conveying elevated amounts of fulfilment are a strong establishment for making customer loyalty as appeared in the Wheel of Loyalty in Figure 5.2. In any case, firms can accomplish more to "bond" intimately along with their existing customers.

Extending the Relationship

To attach customers closer to the firm, extending the relationship through packaging or potentially cross-selling administrations is a compelling procedure. For instance, banks like to move as numerous budgetary items as conceivable into a record or family unit. Modern logical programming makes it conceivable to receive micro-segmentation strategies focused on at little clusters of customers who have segment of relevant attributes at a particular period and who are viewed as possible focuses for cross/up-selling battles. Customers can benefit from merging their obtaining of different administrations from a similar supplier. One-quit shopping normally is increasingly helpful and less problem than purchasing singular administrations from various suppliers. While having numerous administrations with a similar firm, the customer may accomplish a higher administration level and get better administration, and some of the time administration packs do accompany value limits.

Offering Loyalty Rewards

Scarcely any customers purchase from just a single supplier. This is particularly valid in circumstances where administration conveyance includes separate transactions, (for example, a vehicle rental) as opposed to being nonstop in nature (similarly as with protection inclusion). In numerous occurrences, shoppers are loyal to a few brands (now and again depicted as "polygamous loyalty") however keep away from others. In such examples, the showcasing objective progresses toward becoming fortifying the customer's inclination for one brand over the others and picking up a more noteworthy share of the customer's spending on that administration classification (additionally alluded to as expanding share-of-wallet). Very much structured loyalty programs can accomplish expanded share-of-wallet, compensate based bonds. Incentives that offer prizes in light of the recurrence of procurement, estimation of procurement, or a combination of both speak to an essential dimension of customer holding. Prizes can be money related or non-monetary in nature.

Financial Rewards

Monetary rewards are factors which act as motivators for consumers who have a financial esteem, which is additionally called "hard benefits, for example, limits on loyalty program rewards. Dowling and Uncles reasoned that marketers of services require to scrutinize these three psychological effects:

1. Brand versus deal loyalty
2. Valuation of rewards by buyer.
3. Timing

Non-Financial Rewards

Nonfinancial rewards (additionally called "delicate benefits") give benefits that can't be made an interpretation of specifically into financial terms. Models incorporate giving need to loyalty platform individuals on reservations selects and simulated lines in call emphases. Casual loyalty rewards, now and then found in little organizations, may appear as intermittently giving ordinary customers a little treat as a method for expressing gratitude toward them. Critical intangible rewards incorporate extraordinary acknowledgment and appreciation. Customers will in general esteem the additional consideration given to their necessities and value the certain administration ensure offered by high-level loyalty program enrolments, including endeavors to meet their intermittent unique solicitations. Numerous loyalty programs moreover convey noteworthy status benefits to customers in the best levels who feel some portion of an elite group. Non-financial rewards, particularly whenever connected to higher level services, are commonly more dominant than financial ones as the previous can make colossal incentive for customers.

Building Higher-Level Bonds

One goal of loyalty rewards is to inspire customers to unite their buys with one supplier or possibly make it the favored supplier. Be that as it may, remunerate based loyalty programs are generally simple for different suppliers to duplicate what's more, seldom give a supported upper hand. Conversely, larger amount bonds will in general offer an increasingly continued upper hand. The primary kinds of more elevated amount bonds are:

(1) Social: Social bonds characteristically are based on personal relations between sellers and customers.
(2) Customization: Customization bonds are developed when the service providers prospers by offering modified service to its loyal customers.
(3) Structural: Structural bonds are frequently seen in B2B situations and aim to inspire loyalty over structural associations amongst the service providers and the customer.

5.3 Reducing Customer Defection

A contemporary methodology is to comprehend the drivers for customer reduction, or then again customer beat, and work on wiping out or lessening those drivers of loyalty.

Analyze Customer Defections and Monitor Declining Accounts

The initial step is to comprehend the explanations behind customer switching. Susan Keveaney directed an extensive scale consider across a scope of services and found a few key explanations why clients change to another service provider (see figure 5.4).

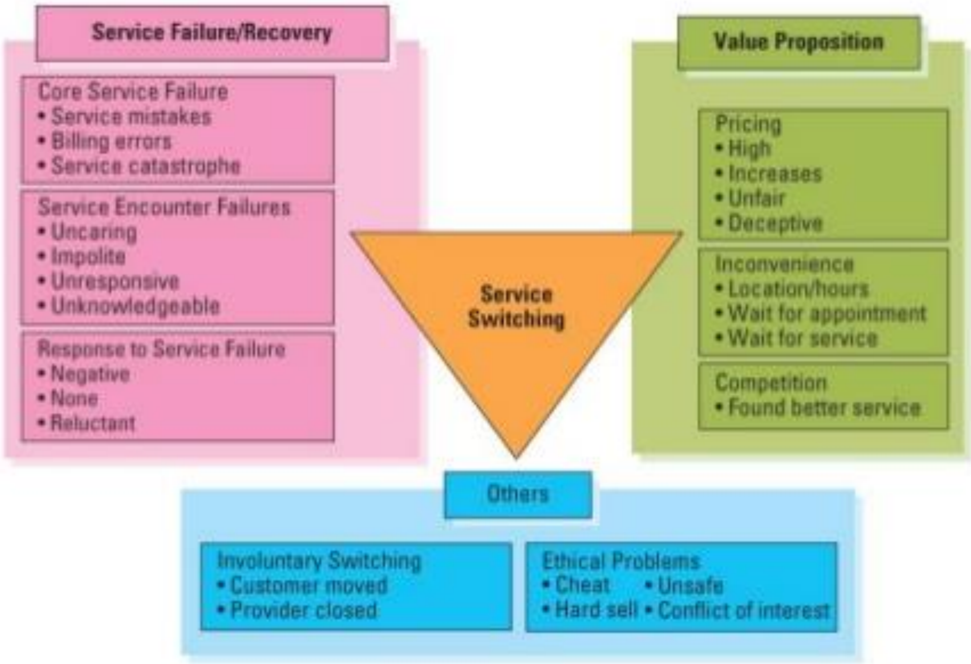

Figure 5.4: What makes customer switch service

Address Key Churn Drivers

Findings by Keaveney's underline the prominence of introducing few general churn drivers by delivering good quality service through curtailing problems and other various non-monetary costs which are incurred, and also offering reasonable and clear pricing to the consumer.

Implement Effective Complaint Handling and Service Recovery

Excellent service recovery actions along with effective handling of complaints are important to take care of dissatisfied customers from switching service providers. It comprises of developing extremely tranquil protocols for the customers to express for the problems which faced by the services firm and then answering with a robust service recovery mechanism.

Increase Switching Costs

Switching costs, borne by the consumers can likewise be made by instigating prescribed penalties for exchanging, for example, the exchange expenses imposed by some business firms for stirring parts and promises to another financial/non-financial organizations. Nonetheless, firms should be wary so they are not saw as holding their customer's prisoner. A firm with high exchanging obstructions, furthermore poor service quality is probably going to create undesirable approaches and extremely negative word of mouth by the customers.

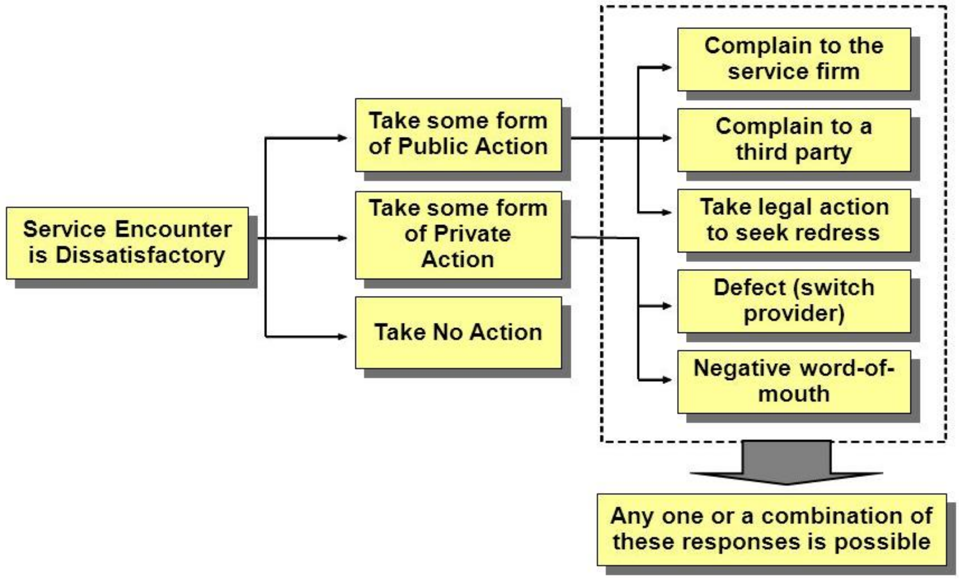

Figure 5.5: Outcomes of customer dissatisfaction

Effective Complaint Handling and Service Recovery

Good complaint handling procedures and outstanding service recovery methods are vital and includes creation of easy methods for customers to raise their problems with the company and then development of the response with an extremely good service recovery mechanism. Following are the responses of customer dissatisfaction (See figure 5.5).

Why do customers complain?

There are major reasons which are identified by the researchers which induce customers to complain.

- Obtain compensation
- Release their anger
- Help to improve the service
- Because of concern for others

It becomes an extremely important task for a service firm to identify what proportion of the customers are unhappy with the services which are being offered to them. If an organization fails to do so, less are the chances of it to retain the customer.

Why unhappy customers don't complain

Only 5%-10% of the customers who are unhappy with the service offered complain. With the time when more of the customers are becoming aware with the information and results of complaining there is increase in customers who are not actively complaining.

1. It is too difficult, the method of registering a complaint is too difficult then the customer doesn't bother to register the complaint rather they simply create a negative word of mouth and switch the service provider. Service provider shouldn't make it so difficult that customer feel like they're being punished for trying to drop company a line.
2. Consumers have no confidence on complain handling procedures of service provider. Various customers don't complain because they don't think it will do any good. The customers continue to be angry with the company that's responsible and create a negative word of mouth.
3. Sometimes customers are also afraid of the consequences. Some customers don't complain because they're concerned it will adversely impact an otherwise benign relationship.
4. At times, the customers also fear of retribution from the service provider. the service provider won't get many complaints if customers senses that they will be punished in some way for complaining.
5. When customer senses that there is nothing to gain from making complains. The customers won't complain because they think that there's nothing in it for them. This is frequently the case when the service provider is rude. Customers aren't trying to get a compensation or have a faulty product fixed. They just feel insulted by a impolite employee.

Who is most likely to complain?

The customers who are about to dissatisfied have specific characteristics. Various researches have shown that customers who belong to the higher socio-economic stature complain in comparison to those who are belonging to lower socio-economic stature. It is indicated those who are better educated, have higher income and are actively involved in society thus encouraging them to be participate in discussion and put their point while facing a service failure.

Where do customers complain?

Studies show that most of protests are made at where he service was gotten. One of the writers of this book finished a counseling venture creating and executing a client criticism framework. Maybe a couple of the scientists have additionally discovered that an astonishing 99% of client criticism was offered up close and personal or via telephone to client service agents. Under 1% of all grumblings were presented by methods for firms' sites, online life pages, email, letters, or input cards. An overview of carrier travelers found that only 3% of respondents who were discontent with their dinner truly griped about it, and they all whined to the airline steward. None grumbled to the association's central command or to a customer issues office. In like manner, customers will in general utilize intuitive stations, for instance, vis-à-vis, or the phone when they need a problem to be fixed, yet use non-intelligent channels to gripe (e.g., email or sites) when they generally need to vent their outrage and dissatisfaction. Practically speaking, notwithstanding when customers do grumble, directors regularly don't find out about the objections made to cutting edge employees. Without a formal client input framework, only a modest extent of the protests may achieve corporate home office". If despondent customers have effectively utilized different channels of grievance yet their problem isn't tackled, at that point they are bound to turn online open griping. The service performance previously caused disillusionment in the primary case, and the goals of the problem moreover fizzled.

Expectation of Customers after Complaining

At whatever point a service failure occurs, individuals hope to be dealt with reasonably. In any case, look into has seemed various customers feel that they have not been dealt with decently not get satisfactory compensation. At the point when this occurs, their response will in general be quick, passionate, and persevering. Conversely, outcomes that apparent as sensible positively affect client satisfaction. Duty and Brown found that nearly, 85% of the assortment in the satisfaction with a service recovery was dictated by three components of decency (Figure 5.6).

- Procedural justice alludes to the strategies and principles that any client needs to experience to look for decency. Customers hopes to assume liability which is the way to the start of a sensible procedure pursued by an advantageous and responsive recovery process. That incorporate limit of the framework and thought of client commitments to the recovery procedure.
- Interactional justice includes the employees of the firm who give the service recovery and their conduct toward the client. It is vital to give a clarification for the failure and to endeavor to determine the problem The recovery exertion ought to moreover be viewed as certified, fair, and amiable.
- Outcome justice concerns the compensation that a client gets because of the misfortunes and burdens brought about by the service failure. This incorporates compensation for the failure, yet furthermore for the time, exertion, and vitality spent amid the procedure of service recovery.

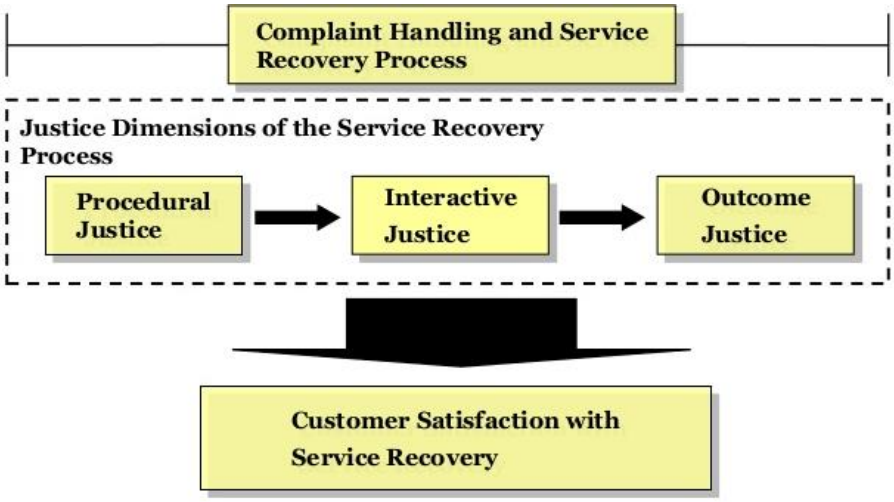

Figure 5.6: Three Dimensions of perceived fairness in service recovery processes

5.4 Service Recovery

Service recovery is a term for the precise endeavors by a firm to address a problem endeavors accept a vital job in accomplishing (or reestablishing) client confidence disassociated because of service failure and to hold a client's generosity. In each association, things that happen may negatively affect associations with customers. The genuine trial of a quality of commitment to client satisfaction and service quality isn't in the promoting guarantees, anyway in the way in which it reacts when things turn out badly for the client. Despite the fact that objections will in general negatively affect service work force's commitment to client service, employees with an inspirational mentality toward service and their very own occupations are bound to investigate additional habits by which they can support customers, and view grumblings as a potential wellspring of progress and to investigate additional habits by which they can support customers.

Successful service recovery requires attentive methods for settling problems what's more, dealing with displeased customers. It is fundamental for firms to have powerful recovery techniques, as even a solitary service problem under the accompanying conditions can decimate a client's trust in a firm:

- The failure is absolutely contemptible (e.g., outright deceit with respect to the supplier).
- The issue fits an outline of disappointment rather than being a remote incident.
- The recovery efforts are frail, helping to strengthen the original problem rather than rectifying it.

Impact of Service Recovery on Customer Loyalty

On the off chance that the complains are adequately taken care of by the service supplier, there is an incredible shot that client will be faithful to the association. Different looks into in the past has shown that recouped customers rehash buy and make positive informal exchange among other disappointed customers. Toward the end, it ought to be resolved that grumbling dealing with ought to be treated as a benefit making action.

Dealing with Complaining Customers and Recovering from Service Failure

The employees should think about complaints expertly and not literally. They ought to be set up to manage irate client who may carry on in an offending method to service faculty who may not be to blame. The employees should take the point of view that client complaints permit firm an opportunity to correct problems and reestablish connections. All employees alongside the firm ought to improve future fulfillment for all. What's more, at long last, endeavors ought to be made to create successful service recovery systems for client service recovery fulfillment.

Service Recovery Paradox

The service recovery paradox (SRP) is a condition in which a client has a good feeling of an organization after the organization has revised a problem with their service, contrasted with how they would respect the organization if non-broken service had been given. The rule purpose for this reasoning is that fruitful recovery of a damaged service expands the confirmation and certainty from the client.

For example, an online order for food is cancelled. When the customer calls the food delivery service they apologise and offer her another dish of customer’s choice on the same day, and a they issue a voucher against further orders. Under the service recovery paradox, the customer is now pleased from online food delivery company, and more loyal, than it would have been problem occurred.

Improving Service Quality and Productivity

Various companies have become leaders in their perspective areas after providing highest quality of services. As per Wirtz and Lovelock service quality, productivity and profitability all are interlinked.

The individual relationships between service productivity, consumer loyalty (i.e., brilliance) and profitability, are appeared in Figure 5.7.

While inspecting the individual connections, one can see that, everything being equivalent, higher consumer loyalty ought to enhance the main concern through higher recurrent purchases share-of-wallet, and referrals. In like manner, everything being equivalent, higher productivity should prompt higher profitability as costs are diminished.

The relationship among productivity and consumer loyalty are highly unpredictable. There is the general thought of a service productivity-consumer loyalty tradeoff. Nonetheless, despite the fact that the relationships between productivity, service quality, and profitability can conflict, there are precedents where beneficial additions and consumer loyalty are adjusted. For instance, if a service firms' structures client service processes to be less fatty, quicker, and progressively convenient eliminating non-value-including work steps, at that point both productivity and consumer loyalty ought to enhance, and both ought to have a direct and indirect beneficial outcome on profitability.

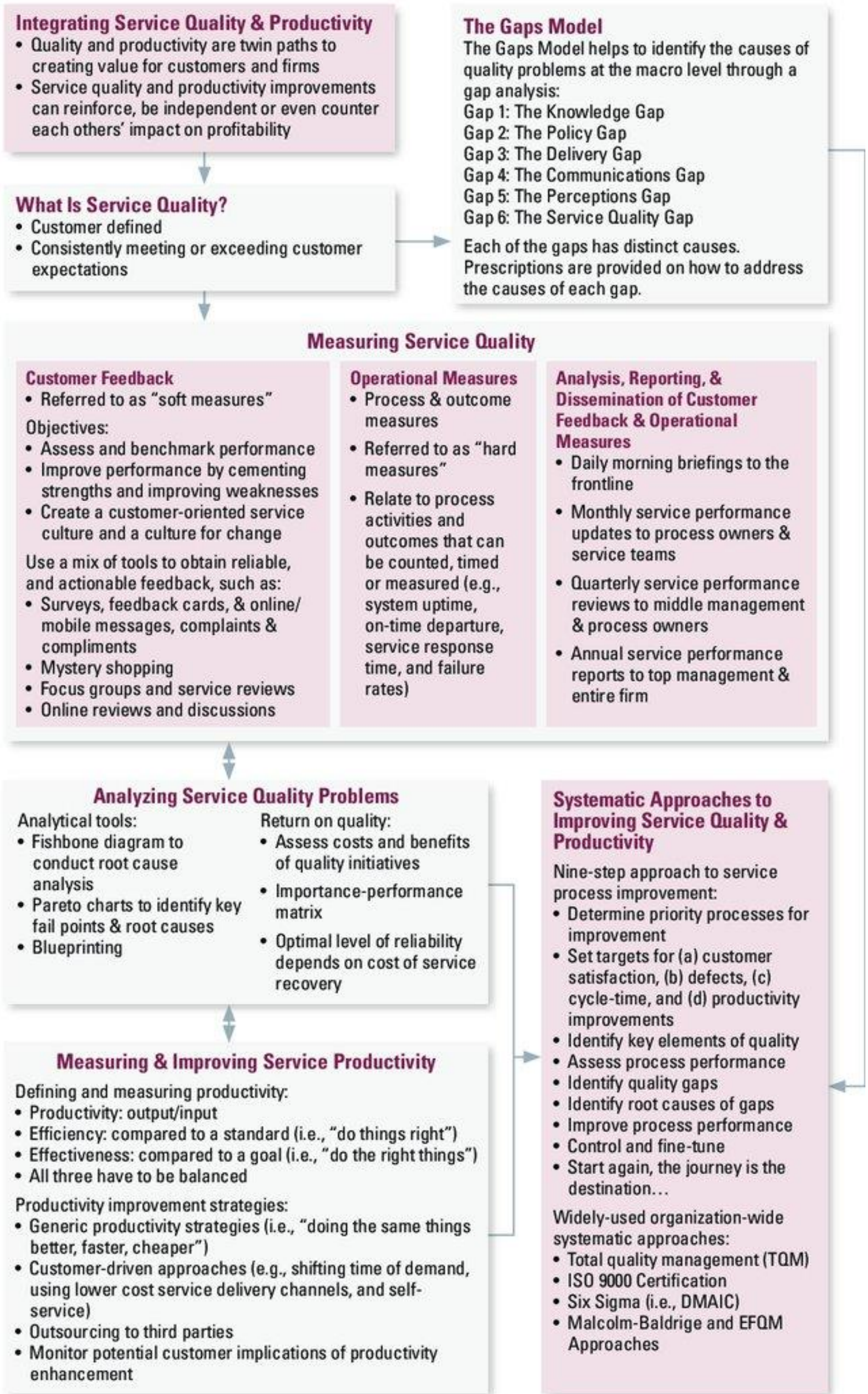

Figure 5.7: Improving service quality and productivity

Service Quality

Every client has an extraordinary want for the unequivocal service they have to get when they go to a restaurant or store. Service quality estimates how well a service is passed on, appeared differently in relation to client wants. Associations that meet or outperform wants are considered to have high service quality. Assume you go to a drive-through nourishment eatery for dinner, where you can reasonably want to get your request inside five minutes of asking. After you get your refreshment and find a table, your demand is called, minutes sooner than you had foreseen! You would in all probability see this as high service quality. There are five dimensions that customers consider while looking over service quality.

1. Reliability: This measurement is appeared to have the highest impact on the customer impression of quality. It is the capacity to play out the guaranteed service constantly and precisely.
2. Responsiveness: It is the ability of the service association's staff to support customers and to furnish them with brief service.
3. Assurance: It is characterized as the capacity of the organization to motivate trust and trust in the service conveyance.
4. Empathy: It alludes to the minding, individualized consideration the service firm gives every customer.
5. Tangibles: It alludes to physical offices, gear, and appearance of a service association's representatives.

5.5 Service Quality Problems

Zeithaml, Parasuraman and Berry identified four potential gaps in service organization. These four gaps lead to the fifth gap which elaborated difference between what was perceived by them and what they received. Figure 5.8 enhances the framework proposed and identified in total six types of gaps which effect service quality and performance of service. Following are the gaps identified:

- **Gap 1: The knowledge gap** is the discrepancy flanked by the customer's outlooks of the service which is given and the organization's provision of the service. For this situation, top managers don't know or have not precisely interpreted the customer's wish in relation to the organization's services offered.
- **Gap 2: The policy gap** mirrors the company's base elucidation of the service policy into values and instructions for agents. This can include deprived service structure, incapability to keep up and steadily revive their delivery of great customer service or fundamentally an absence of institutionalization. This gap may result in buyers looking for a comparable object with improved service somewhere else.
- **Gap 3: The delivery gap** uncovers the inadequacy in worker's execution of the task. Links with a delivery gap may specify the services essential for helping the purchasers however have greatly neglected by workers. They put great processes and rules in real life. Subsequently, representatives are not prepared good enough to deal with shopper's needs. problems which arise due to delivery gap are:
    - lack of knowledge among employees
    - lack of cohesive teams
    - poor human resource policies of company

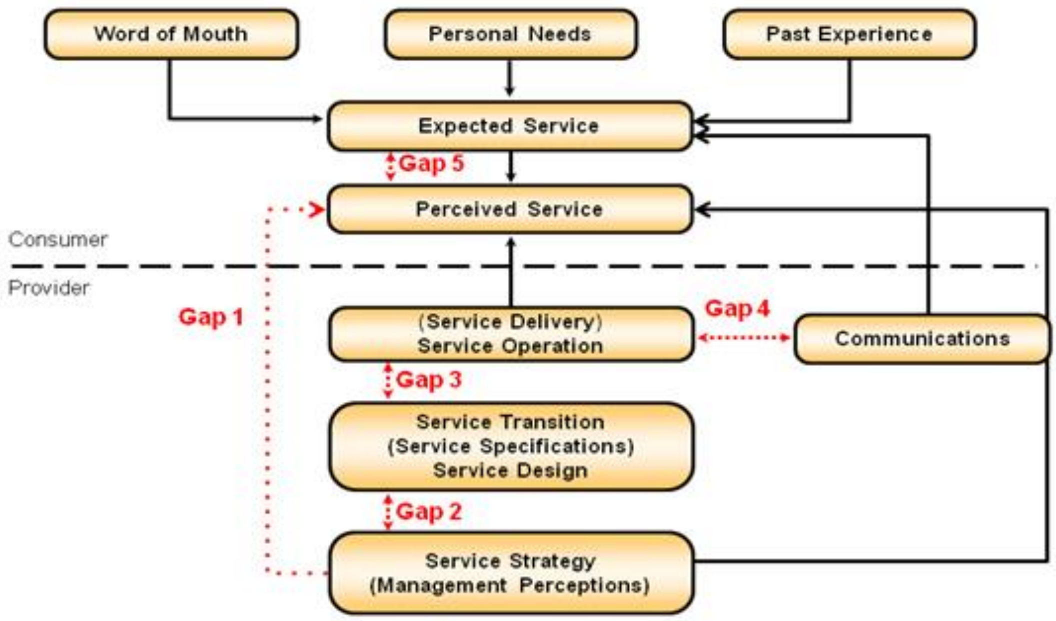

Figure 5.8: The GAPS Model

- **Gap 4: The communication gap** occurs when there is over-promising done and advertising is not matching actual service delivery, a communication gap is created because of this.
- **Gap 5: The perception gap** occurs when there is difference between customers are unable to judge service quality served to them.
- **Gap 6: The service quality** gap occurs when there is difference between what was expected by the customers to receive from company and perception of the service quality that has been actually delivered.

Methods to Close Gaps in Service Quality

Gaps anytime in the service structure and delivery can harm relationships with customers. The service quality (Gap 6) is the most basic. Henceforth. a definitive objective in enhancing service quality is to close or tight the gap however much as could be expected. To accomplish this, service associations generally need to initially chip away at shutting the other five gaps portrayed in Figure 5.8 Improving service quality requires distinguishing the particular reasons for each gap and afterward creating techniques to close them. Mentioned below are the suggestions to fill the service quality gaps

Gap 1. The knowledge gap can be filled by educating management what customer wants and expects.

Gap 2. The policy gap can be filled by establishing the correct service product and standards which are based on assessment of needs and wants of the customer.

Gap 3. The delivery gap can be filled by ensuring that performance of service meets the standards created.

Gap 4. The communication gap can be filled by ensuring that both internal and external communication promises which are made are realistic and customers understands them correctly.

Gap 5. The perception gap can be filled by materialize and communicate the quality of services which are being delivered.

Gap 6. The service gap is filled by continuously filling gap one to five and meeting customer expectation.

Service Leadership

Service leadership did not depend on exceptional performance inside a solitary measurement. Or maybe, it reflects perfection over various dimensions. With an end goal to catch this performance spectrum, we have to assess the organization inside every one of the three functional regions portrayed before advertising, activities, and HR. Tin aggregate there are four classes of service entertainers into four dimensions: failure, nonentity, professional, and pioneer. At each dimension, there is a concise depiction of a common organization crosswise over 12 dimensions Under the promoting capacity, we take a gander at the job of showcasing, aggressive intrigue, customer profile, and service quality. Under the activities work, we think about the job of tasks, service delivery (front-arrange), behind the stage processes, productivity, and presentation of new innovations. At last, under the HR work, if analysed, the job of HRM, workforce, and bleeding edge the board. Clearly, there are covers between these dimensions and crosswise over capacities. There may likewise be contrasts in the general significance of a few dimensions in various enterprises and crosswise over various delivery frameworks. For example, human asset the executives will in general play a progressively unmistakable vital job in high-contact services. The objective of this general service performance framework is to produce bits of knowledge into how service pioneers perform so well and what should be changed in organizations that are not executing just as they may.

Application Exercises

1. Identify at least three service businesses which you patronize mostly. For every business, complete the accompanying sentence: "I am loyal to this business in light of the fact that. . ."
2. What assumptions do you find around when you consider yourself as (a) buyer and (b) the representative in one of the businesses in Exercise 1? Do a survey to identify whether any of the businesses identified out how to develop a maintainable upper hand via manner in which it received your loyalty.
3. Assess the strengths along with weaknesses of two successive customer programs, everyone from an alternate service industry. Also assess how each program could be improved further.

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Editors' Profile

Dr W G Prasanna Kumar

Dr.W. G. Prasanna Kumar, PhD in Education with basic degree in Social Work and Master's Degrees in Sociology, Public Administration and Political Science has professional education in Environmental Economics, Public Relations, Communication and Training and Development. Presently Chairman, Mahatma Gandhi National Council of Rural Education (MGNCRE) under the Ministry of Human Resource Development, in Government of India strives to promote resilient rural India through Higher Education interventions. The national initiative of reviving Mahatma Gandhi's ideas of Nai Talim, spearheaded by Dr. W G Prasanna Kumar, has met unprecedented success at both national and state levels. The primary objective of this initiative is to promote Gandhiji's ideas on Experiential Learning, Nai Talim, Work Education and Community Engagement, and mainstreaming them in School Education and Teacher Education Curriculum & Pedagogy. As Professor and Head Centre for Climate Education and Disaster Management in Dr MCR HRD Institute, conducted several capacity building and action research programmes in climate education, disaster management and crowd management. He has handled many regional, national and international environmental education programmes and events including UN CoP11 to Convention on Biological Diversity and Media Information Management on Environmental Issues.

He was Director in National Green Corps in the State Government for over 11 years and Senior Social Scientist in State Pollution Control Board for 6 years. Conducted various curriculum and non-curriculum related training programmes in environmental education.He was a Resource Person for AP Judicial Academy, AP Police Academy, AP Forest Academy, EPTRI, Commissionerate of Higher Education and Intermediate Education, State Council for Educational Research and Training and National Council for Educational Research and Training New Delhi, CCRT, Bharathiya Vidyapeet University Pune, CPR Environmental Education Centre Chennai and Centre for Environment Education Ahmedabad.Dr W G Prasanna Kumar was trained in Community Consultation for Developmental Projects in EPA Victoria Australia in 1997 trained as State Chief Information Officer by IIM Ahmedabad and MCRHRDI Government of Andhra Pradesh in 2004 and trained in Environmental Education and Waste Management Technique by JICA, Japan in 2011.

He was awarded Best State Nodal Officer of National Green Corps Award from Centre for Science and Environment, New Delhi, 2008, Jal Mithra Award from Earth watch Institute of India and Water Aid New Delhi, 2014 and Certificate of Commendation for the services in UN Conference of Parties to Convention for Biodiversity conducted at Hyderabad from 1-20 October 2012 by the Government of Andhra Pradesh 2012.

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Dr K N Rekha, is a PhD Graduate from IIT Madras. She has 13 years of experience in training and education Industry. She works at Mahatma Gandhi National Council of Rural Education (MGNCRE), Hdyerabad as Academic Consutlant. She is involved in curriculum development on Rural Management and Waste Management.Prior to this, she worked as a Researcher at Indian School of Business, Hyderaba, and has a short stint at Centre for Organization Development (COD), Hyderabad. She has Co-authored a book on "Introduction to Mentoring", book chapters, Peer reviewed research papers, book reviews, casestudy, and caselets in the area of HR/OB. She also presented papers in various national and international conferences. Her research areas include Mentoring, Leadership, Change Management, Coaching, 360 Degree Feedback appraisal, etc. She was also invited as a guest speaker at proiminent institutions like IIT Hyderabad.

Authors’ Profile

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Dr. Aruna Sonawane is an academician with a total of 12 years of experience. I have been active in various fields like guiding students in competitive exams, science projects and sponsoring education of underprivileged students apart from teaching as a full-fledged career. I have also been appointed as a Climate Coordinator for United Nations Program on Climate Change. I have also been awarded by UNICEF for my dedicated work. I have also actively headed cultural activities at college level. I was a convener for an International Conference. As a person I want to bring awareness regarding environment at National Level and more so on managing disasters in India. Teaching career has helped me to understand the gaps in the present education system and would definitely like to address such issues and given an opportunity would like to make few modifications in the said system.

Dr Deep Francis

Dr. Deep Francis is currently a Research Fellow in a DST funded Project titled “A Comparative Study of India's Research Performance in Scientific and Technological Areas of Clean Energy and Water (2006-16): A Scientometric Analysis “. She has carried out her Ph.D. research from Centre for Studies in Science Policy, Jawaharlal Nehru University. Her Ph.D. research involved analysis of Intellectual Property Rights from Comparative Institutional Analysis Perspective. She has earned a dual specialization which includes, Post Graduate Diploma in Marketing and a Masters in Personnel Management from Sinhgad Institute of Management and Computer Application, Pune. The author has experience in publishing research articles and developing contents for training programs. Besides this, she enjoys writing time to time for her blog.

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Rahul Pratap Singh Kaurav, PhD is an Assistant Professor of Marketing and Tourism Management at the Prestige Institute of Management, Gwalior, India. He holds the Ph. D. from Jiwaji University, Gwalior with a major in marketing tourism destinations. He is published in scholarly journals in the areas of marketing, tourism, and services management. Dr. Kauravhad some Visiting Assignments with IITTM, Gwalior, Noida and Soochow University, China. He is also associated with the onlineprogram of University of Liverpool, USA as DBA thesis supervisor and BITS-Pilani as an adjunct faculty.

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