Consumer Expectations: Learn to sell the way consumers want to buy



by: Prof. Sri Ram Khanna

Managing Editor, Consumer Voice, New Delhi

& Professor, Dept of Commerce, Delhi School of Economi

1. The Marketing Concept:

- 1.1 The New Concept of Marketing: The "new" concept of marketing, which appeared about 1960s, shifted the focus of marketing from the product to the customer. The objective was still profit, but the means of achieving the objective expanded to include the entire marketing mix, or the "four Ps" as they became known: product, price, place (channels of distribution), and promotion.
- 1.2 The Strategic Concept of Marketing: The strategic concept of marketing, shifted the focus of marketing from the customer or the product to the customer in the context of the broader external environment. Knowing everything there is to know about the customer in a context including the competition, government policy and regulation, and the broader economic social, and political macro forces that shape the evolution of markets



Shift the marketing objective – from profit to stakeholder benefits. Stakeholders are individuals or groups who have an interest in the activity of a company. They include the employees and management, customers, society, and government, to mention only the most prominent. There is a growing recognition that profits are a reward for performance (defined as satisfying customers in a socially responsible or acceptable way). Team committed to continuing innovation and to producing quality products. Marketing must focus on the customer in context and deliver value by creating stakeholder benefits for both customers and employees.

It is a critical means to the end of creating stakeholder benefits. Aim of marketing is to create value for stakeholders, and the key stakeholder is the customer. If your customer can get greater value from your competitor because your competitor is willing to accept a lower level of profit reward for investors and management, the customer will choose your competitor, and you will be out of business.

Strategic shift of focus of marketing from a microeconomics maximization paradigm to a focus of managing strategic partnerships and positioning the firm between vendors and customers in the value chain with the aim and purpose of creating value for customers. The notion of boundaryless marketing is shown in Figure 1. Marketing, in addition to being a concept and a philosophy, is a set of activities and business process. The marketing activities are called the four Ps: product, price, place (distribution), and promotion (or communication). These four Ps can be expanded to five Ps by adding probe (research). The marketing management process is the task focusing the resources and objectives of the organization on opportunities in the environment.

- 2. The Three Principles of Marketing: The essence of marketing can be summarized in three great principles.
- 2.1 Customer Value and the Value Equation: The task of marketing is to create customer value that is greater then the value created by competitors. Value for the customer can be increased by improving product and/or service benefits, by reducing the price, or by a combination of these elements. Companies with a cost advantage can price as a competitive weapon.

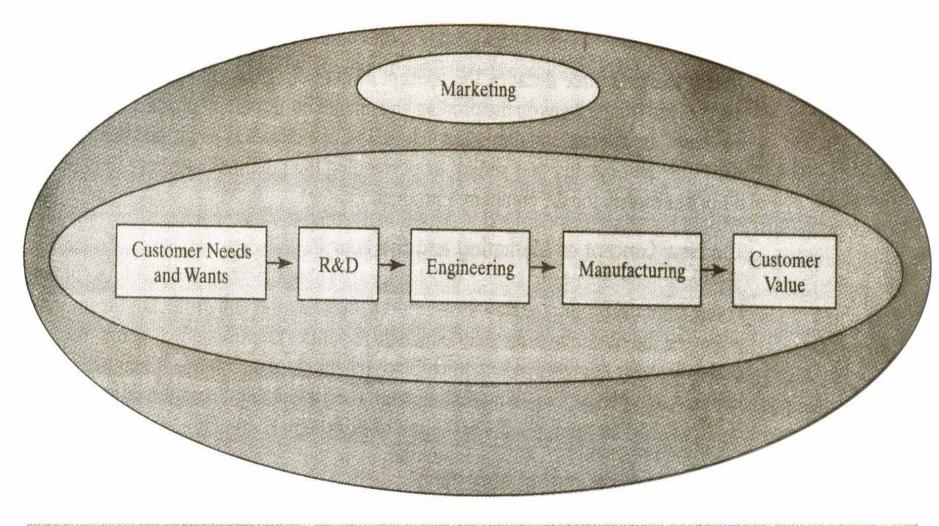


FIGURE 1-1 Boundaryless Marketing



Knowledge of the customer combined with innovation and creativity can lead to a total offering that offers superior customer value. If the benefits are strong enough and valued enough by customers, a company does not need to be the low-price competitor to win customers.

2.2 Competitive or Differential Advantage: The second great principle of marketing is competitive advantage. A Competitive advantage is a total offer, vis-à-vis relevant competition, that is more attractive to customers. The advantage can exist in any element of the company's offer: the product, price, the advertising and point-of-sale promotion, or the distribution of the product. One of the most powerful strategies for penetrating a new national market is to offer a superior product at a lower price. The price advantage will get immediate customer attention, and, for those customers who purchase the product, the superior

$$V = \frac{B}{P}$$

where

V = value

B =perceived benefits – perceived costs (for example, switching costs)

P = price

FIGURE 1-2 The Value Equation

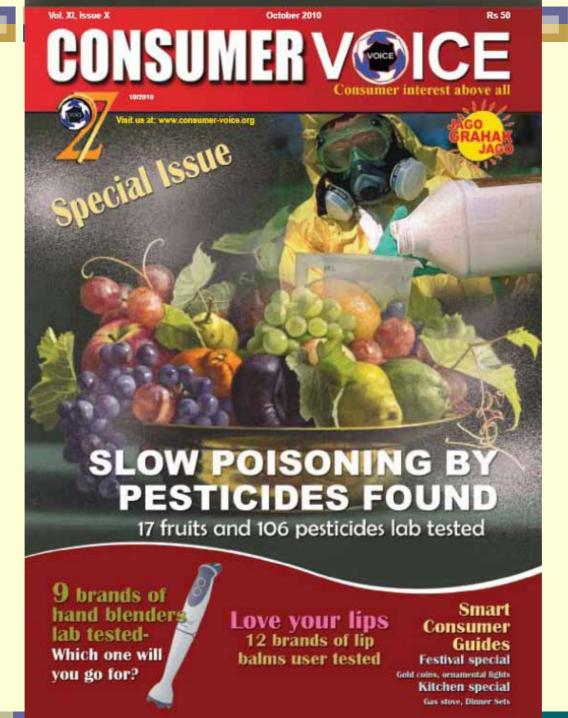
2.3 Focus: The third marketing principle is focus, or the concentration of attention. Focus is required to succeed in the task of creating customer value at a competitive advantage.

All great enterprises, large and small are successful because they have understood and applied this great principle.IBM succeeded and became a great company because it was more clearly focused on customer needs and wants than any other company in the emerging data processing industry.

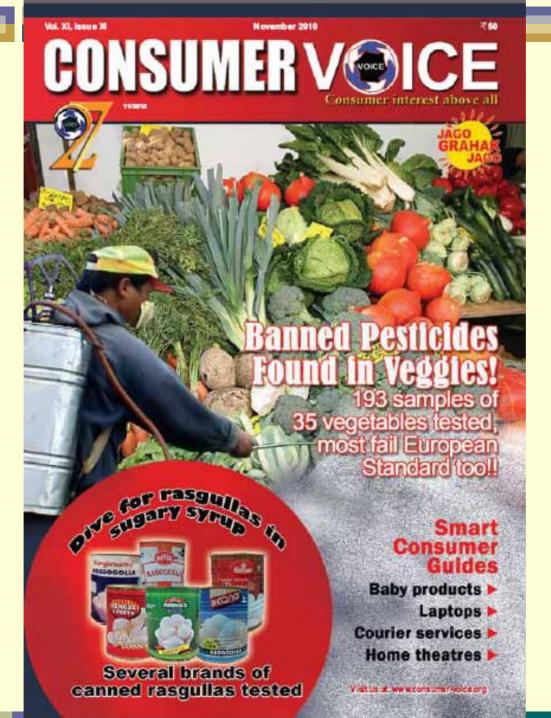
One of the reasons IBM found itself in crisis on the early 1990s was that its competitors had become much more clearly focused on customer needs and wants. Dell and Compaq, for example, focused on giving customers computing power at low prices: IBM was offering the same computing power at higher prices.

Clear focus on customer needs & wants and on the competitive offer is required to mobilize effort needed to maintain a differential advantage.

Accomplished only by focusing or concentrating resources and efforts on customer needs and wants and creating a better value









Sensitising Mgmt to Consumer Concerns

- Are u going to hide behind the cover of conformance to rules on nutrition/safety issues
- Are u willing to take the extra effort required to provide the same level of safety and nutrition and consumers as u expect for ur family?
- Are u willing to surpass consumer expectations with the value that you offer to them?
- Do you have a mechanism to listen to page of sumers?

How to Create Food value for Consumers?

- Vertical Issues Specific to Food Standards, Nutrition & Safety
- Horizontal Issues related to implications of distribution, Large vs Small Retailing
- Consequence of Economic Growth, rise in GDP, PCI and standards of living
- Changing Social trends and family and workspace contexts

Customer Expectations!!!

- Nutrition: wholesome and pure food
- Safe: Food Conforming to highest Safety Standards
- Food Appealing to taste buds
- Competitively priced, affordable
- Choice: Variety in tastes, pack size, flavours and ingredients

Customers Changing Context!!!

- Rising segment of younger consumers: food adventurers to sample new tastes
- Shortage of time: Ready to cook food
- In a hurry: Ready to heat and eat
- Simulate eating out experience
- Easy to make lunch packs for office
- Waiting to develop new brand loyalties

Directions for New Tastes!!!

- Cross over foods: regionally ethnic tastes to spread across regions
- Learning from nutritionally sound traditional food practices and cuisines
- Application of recipes using traditional, natural vegetational diversity
- Catering to the rising circle of non-veggies
- New tastebuds of the international traveller



Vertical Issues: farm to table

- Better Food Standards and their Compliance
- Better Nutrition ,Safety and Labelling for consumers
- Can you offer novelty along with taste?
- Can you eliminate foodborne risks to human health?
- Can you create healthy foods?

 Can you do it at an affordable price?

Current Status of Safety and Nutrition

Standards in Food

- PFA controlling market food for 50 years.
- Functioning Under Control of Food Inspectors under supervision of Local Health Authority
- Degenerated in to hafta System in many States
- New law: Food Safety and Standards Act Recently enforced
- New Food Safety and Standards Authority: Yet to make its presence felt in the markets
- Can you rise above these standards?





Expectations from FSSA

- Expected to improve the standards of food available in markets
- Protect public from unsafe food
- Establish System to link source of food borne disease with food regulation
- Improve nutritional quality of foods available through food standards
- Will FSSA be able to meet these expectations?



Opportunity for MSMEs to work with Large Retailers to Deliver Food of international Standards?

- ☐ Improved Compliance with National Food Control Systems
- Willing to Upgrade : National Standards to Codex Standards
- ☐ Invest in technology and best practices to improve standards



CHALLENGE OF Meeting CODEX STANDARDS for home consumers

- ☐ Food articles segregated in three broad groups.
 - 1. Foods which are meant entirely for domestic production and use.
 - 2. Foods which have an export potential
 - 3. Foods which may be imported to meet shortages and demands of discerning consumers.
- Significant Barriers to Harmonisation of National and Codex Standards

Can Food MSMEs meet CHALLENGE OF LABELING OF FOOD PRODUCTS

- □ Codex General Standard for the Labeling of pre-packaged foods (CODEX STAN 1- 1985).
- The specified name of the food
- Date marking and storage instructions



CHALLENGE OF TRUTH IN LABELING OF FOOD PRODUCTS

- Existing Provisions for labelling of Food under Indian laws for different type of products.
- I. Agmark (Agricultural Marketing)
- II. Fruit Products Order, 1955
- III. ISI mark by BIS (Bureau of Indian Standards)
- IV. Delhi Edible Oils (Procedure for Identification and Declaration of unadulterated Stocks) Order, 1998
- V.... The Edible oils Packaging (Regulation) Order, 1998

The Atomic Energy (Control of Irradiation of JAGF ood) Rules, 1996

THE CHALLENGE OF LABELING OF FOOD PRODUCTS

- ☐ Identification of key issues for Indian Government for considering changes in Indian Labeling regulations.
- I. Blended Products: They have to be specifically declared.
- II. Specific labeling required for classes of products
- III Liberalization of Indian PFA Laws along the lines of Codex standard on Food Labeling
- IV Food with nutritional information
- V Guidelines on Claims
- VI Food safety
- VII Standards
 - Issues related to the Labeling of Vegetarian and Non-vegetarian food in India

Expectations from Organised Retail

- Improve Food Quality & protect Indian consumers from risks of food borne illnesses due to microbial pathogens, bio toxins and chemical or other contaminants in food.
- Encourage holistic approach from farm to table to reduce food borne hazards for consumers
- Adopt modern principles of Risk Analysis based on better scientific knowledge of food borne illnesses and preventive measures for food safety and quality.
- Bring the best practices in Food Value Chain to Indian consumers

Expectations.....

- Improving the level of public safety from human risks from food and food related illnesses to reach global standards.
- Food standards should include components that will enhance the level of nutrition and human safety from the health point of view.
- Truth in communications on food labels and in food advertising.
- Better Implementation of Food standards
 Improved consumer awareness about food safety, nutrition and standards for a healthy lifestyle



Horizontal Benefits of Organised Food Retail

- Enhancing Competition between Large& Small Retailers
- Improved Product Quality and Lower Retail Prices
- Greater Degree of Consumer Protection



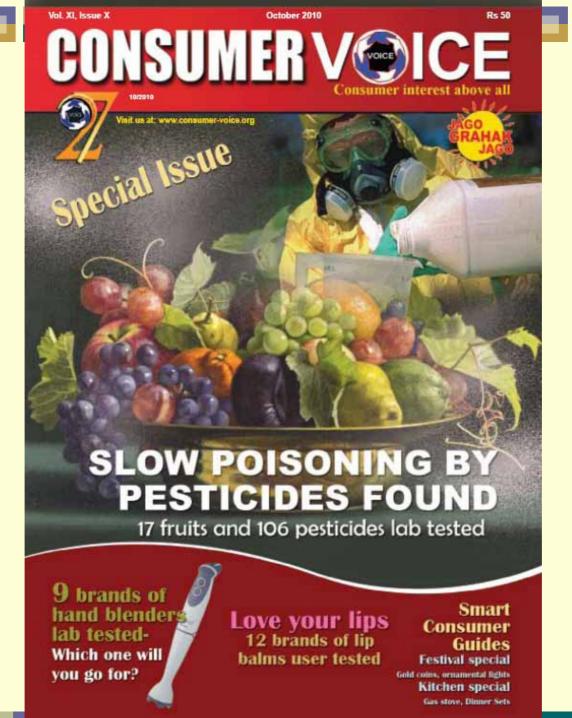
FDI vs Domestic Capital

- FDI brings with it mgmt systems, technology and global sourcing
- If it has worked in a wide range of industries why not multi brand retail
- Decentralised retail has lesser degree of competition FDI will shake it up
- Food MSMEs will be the biggest beneficiaries of organised retail

India is not the first Country: FDI and organised retailing in many countries

- Introduce safeguards eg. Japan provincial governments license stores above floor size
- Make declaration of FPP mandatory along with store MRP against deceptive pricing.
- Package to assist small retailers to form chains, retails coops with finance, tax incentives in affected areas.
- Start with discount stores on periphery of cities







Test Report of Pesticides Fruits / Vegetables

Contents:

- Test Programme Background
- Objective of Study
- Pesticides Facts
- Selection of Test Lab.

- Selection of Fruits & Vegetables
- Methods of Fruits & Vegetables Procurement
- Regions & Areas of Fruits & Vegetables Procurement
- Finalisation of Test Methods
- Testing Instruments
- Definition of Maximum Residue Limit (MRL)
- Indian MRL of Pesticides for Fruits & Vegetables
- EU MRL of Pesticides for Fruits & Vegetables
- List of Banned Pesticides
- Names of Pesticides Tested
- Comparison of EU & Indian MRL
- Tables of Lab. Finding



- Violations of Banned Pesticides
- Violations of Indian MRL
- Violations of EU MRL
- Harmful Effects of Pesticides on Human Health
- Legal Provisions of Pesticides
- Reasons of Pesticides Menace
- Remedies to minimize its impact on Human Health
- Analysis of Findings & Recommendations
- Consumer Advice
- Bibliography



Sested Products

Educat For Burking Seniors
Chili Powder Uspects
Cernete Mosquiro Repellines
Inculated Services CPLS
Ory Burkins Services
Coffee Services
Coffee Services
Coffee Services
Coffee Services
Coffee Services
Coffee Services

Dry Submines James Certing Flame Househ Drombis Shawing Croames Mooco Humps Recipie Chips: Santa Mooco Fulling St

Digital Carmin

Cotay TV Deterget Color, behavior let Service Process Service Process Front Choosing Decks trees to behaviors Westing Machines

Re-Course Huat Dinks
Tomen feeding-Course Silvers Cream
Ask for Consumer VOICS
back issues to make an informed choice

Do you feel cheated?

Have you ever left that a product that you bought doesn't live up to its promise? Do you teel rectined when deciding which based to his? Do you need someone who can good you, better to your complaints, suggest ways to deal with your customer related problems and fight on your behalf?

You can raise your VOICE now!

Voluntary Organization in Interest of Crossmer Education (VOICE) is a non-profit action goog, whose obsective to in process and further your interests as a consumer. It makes you exaction of the malparation perpensated in the matchiplace, inform you of your consumer rights, helps you get value for your money and counter an awareness that organised efforts can over come tous first included.

Founded by teachers and students at the University of Delhi for many years, VOICE has been successfully adding consumes across India and helping their swice be heard.

Consumer Voice—A Magazine, a Movement

With the help of Componentee Tests of Products, conducted according to international stisulands Commune Visice empowers you to make the right buring decisions.

Published as part of the Indian concurrer navvenent that has worked to the benefit of consumers, for aver a decade, Communer VOICE today has a large inflocingtion have consisting of aware consumers, and more are intensify the troops to the consumers.

To read our Online Magazine log on to www.consumer-voice.org

Get any one assured gift on 2/3/5 years subscription

NSIDETHE PAGES OF CONSUMER VOIDE DONT MISS the Opportunity to Subscribe.

Are the energies produces you are using sales.

From pages of information on expert of a core

Legal referencement for systems as

Free Legal Counsellin

What does the law ways about woor rights, if does never respond to plend cases and controlling about the law.

Price Surveys

now the comparative paper of competing goods are

or you to make an training

Buying Godes Comparative productional on count o

Contact Contro CDMSUMER WINES 841, Imageura, Marthura Road, New Delbi 110 B14. Ini 24279076-29-83 Iniciae 24379081 Website: www.manamer.esire.org

SUBSCRIPTION FORM

or Related Problems	Alta de	would like		to Commer VOICE	A STORE
adjusted to me	THIS	RATE	YOURAY	YOUR ASSURED OFF (Tick me	777

1	. 37	-	-	alba	
l de	_	- East		-30-	
Tir ser	STATE SHE	áácID1	Carlo	end the	23
an-	ing below	-			-

Madestra Dept.
VORE
PO See See 1996
See Delta 1996
See Delta 1996
Semi filted Lescott
Full address (Block Lescont)
Date of Stole

Totagly are number Call are tree (to) fractions (s) blick on a visit popul Montgroup

Contract out order phone

Scandist Chartered find region or neutralized at Specific and Specific

mon.	34000	440,116	1 7 7 7 7 7 7 7 7 7	CONTRACTOR OF THE PROPERTY OF
	1 War	Bis. 450/-	Rs. 450s	
	2.Years	Ba. 960	Bi-3381	Chagoable Tech CB: Digital Des Stand
	3 Year	Rs. 1445-	Re. 1300 -	Dignal Discr. CW Mega Num Holk. CW Collect Co
	5 Tens	Ba 2400	Kn. 2000 c	Chefen See OR Cheffin For OR Stress from Chefre In
	Mo Mo	Ottob		· · · · · · · · · · · · · · · · · · ·
11112	U.S.			OrePer
14.0	R)	(C)		(50) Final
	To the Party of th	Gost Em	low DIT	to Service Education Legal Student T Bestind Others (Pl. specific) and Children C Service
		SCB Croke		
Votes	e of Cont.		· ·	Odd op to Card Member's Squarere
Sel	and DOC	Surgan No.		tise Ro- (Keulty add Ro-40 tise man Della choques)
Book				David to force of "VOICE SOCIETY"
Dock		Sorigion (No		

Postage will be paid by the addressee

BUSINESS REPLY ENVELOPE



PERMIT NO. NDS 509 Jangpura P.O. New Delhi - 110 014.

To

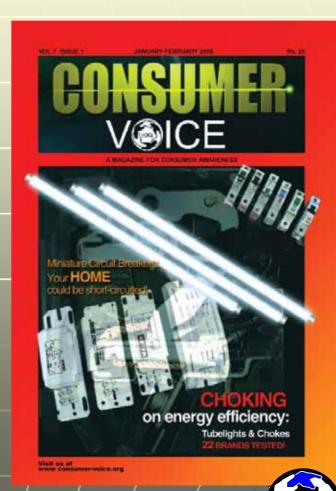
VOICE

441 (Basement) Jangpura, Mathura Road, New Delhi-110 014.



Subscribe Online: www.consumer-voice

- Annual Subscription Rs 600
- 2 Years Rs 850
- 3 Years Rs 1150
- 4 Years Rs 1750
- 5 Years Rs 2500
- Please ask for an enrolment form



Strengthen the Movement by Subscribing One for each department of your institution

Call: 011-24370455

Fax: 011-24379081

Email: coo@consumer-voice.org





Thank You

stiramkhanna@yahoo.co.in