**\*\*\*Answer of Strategic Marketing (MKT 604)**

**Answer of question 1**

**Identification of the factors impacting on the pricing situation as an owner of a firm:**

Internal factors that pricing are organisational factors, marketing mix, product differentiation, cost of the product and objectives of the firm. External factors that influence pricing decisions are demand, competition, suppliers, economic conditions, buyers and government.

The main determinants that affect the price are:

Product Cost.

The Utility and Demand.

The extent of Competition in the market.

Government and Legal Regulations.

Pricing Objectives.

Marketing Methods used.

The key elements include assessing your company's foreign market objectives, product-related costs, market demand, and competition. Other factors to consider are transportation, taxes and duties, sales commissions, insurance, and financing.

Those factors include the offering's costs, the demand, the customers whose needs it is designed to meet, the external environment—such as the competition, the economy, and government regulations—and other aspects of the marketing mix, such as the nature of the offering, the current stage of its product life cycle.

Generally, internal factors can be controlled or altered. There are certain internal factors like organizational policies, differentiation in services, cost or service and marketing mix that affects pricing decision a lot.

Pricing decisions are the choices businesses make when setting prices for their products or services.

Learn about the four types of pricing strategies--everyday low price, high/low pricing, penetration, and skimming--and their advantages and disadvantages in relation to consumer perception.

Value pricing is perhaps the most important pricing strategy of all. This takes into account how beneficial, high-quality, and important your customers believe your products or services to be.

As an owner of a firm the 5 most common pricing strategies

Cost-plus pricing. Calculating costs and add a mark-up.

Competitive pricing. Setting a price based on what the competition charges.

Price skimming. Setting a high price and lower it as the market evolves.

Penetration pricing.

Value-based pricing.

Prices can change for many reasons (technology, consumer preference, weather conditions). The relationship between the supply and demand for a good (or service) and changes in price is called elasticity.

Pricing is the only revenue-generating element in the marketing mix (the other three elements are cost centres—that is, they add to a company's cost). Pricing is strongly linked to the business model. The business model is a conceptual representation of the company's revenue streams.

Pricing is one of the most important aspects of launching a new product. If is price too high, may not get the sales need to make product profitable. On the other hand, if price is too low, may sell many units but not make enough profit to sustain business. Market maturity is one key factor.

Consumers tend to associate less expensive products with cheap, sometimes shoddy, production values. Products of a higher price tend to be associated with higher value. Attract buyers: If a price is too high, the customer may not be able to afford it.

A distinct pricing method directed at altering the price of a product based on the existing and relevant levels of supply and demand. The crucial point to understand is that this pricing strategy can be applied in a market where information about supply and demand is easily attainable.

Several factors influence the pricing decisions of a firm and they can be divided into two broad divisions, namely internal factors and external factors.

Price decisions are strategically taken in the following ways:

i. Follow the Leader:

When the competitor is stronger than your product and is the market leader with higher market share than your market share, marketing managers always follow the leader in pricing decisions and maintain the price parity.

ii. Premium Pricing:

If your product is the market leader, you can maintain premium pricing to earn more profits than the competitor as the customers are willing to pay premium for the popular product.

iii. Lower than Competitor:

When your market share is much lower than the market leader, it is advisable to maintain prices lower than the market leader and attract consumers because of the saving achieved.

iv. Market Penetration Pricing:

In a highly competitive market with many players, the marketing manager may use this pricing policy that helps him enter the market and establish its position. In market penetration pricing, the product is offered to consumers at nearly the cost price so that the difference between the product and the competitor is very high.

This attracts customers for trials and if the product is found to give higher returns than the price paid, many customers switch over to this product. The marketing manager may increase the price of the product gradually.

v. Market Skimming Pricing:

When an innovative product is introduced in the virgin market, where market entry barriers are absent and entry of competition is a matter of time, the marketing manager can use this strategy to earn maximum profits due to its innovativeness. The marketing manager may not change the price after entry of the competitors, but offer high consumer Pull promotions to maintain sales volumes, making it difficult for the competitors to establish themselves.

(d) Objective behind Pricing:

Objective pricing is basically simple and that is to earn maximum profit by selling the product. This is possible when the consumers are waiting to buy your product and you have monopoly, but normally that is not the situation and one needs to take pricing decisions based on various objectives.

The following pricing decisions are found to be in force:

i. Profit Maximization:

Organizations work for the single most important objective of making profit and lots of profits at that. Getting very high profits is possible only if the product is essential and the organization has a monopoly. If the market is competitive, there are limitations on the price and so profit maximization comes in. The marketer has to price the product in accordance with the pricing of the competitor.

ii. Price Acceptance:

When the product is not an essential product, the marketer cannot keep a high price even in monopoly situations as the consumers may not accept the product at a price higher than their expected value of benefit in return. So the marketer needs to find out the price at which the consumer will readily purchase the product. A consumer market research survey will give an answer to this.

iii. Market Entry Pricing (Market Penetration Pricing):

When the market has strong competition with very high market share, it becomes difficult to attract the customers towards a new product with ‘me too’ qualities. So the marketer needs to create a USP and if he cannot create any product feature giving better benefit, he can go in for low price entry that creates a money-saving attraction for the consumer and the chances of the consumer trying and adapting a new product increases. In this situation, the saving needs to be substantial and attractive.

iv. Superior Quality Image (Premium Pricing):

If the marketer can create a superior product quality image for the product, he can go in for premium pricing where the marketer can say that the ingredients are of superior variety and give better benefits to the consumer that suit the premium price.

For example, when BOOST was launched, it talked about being ‘more creamy and more chocolaty’ and so was launched at a premium price even when the competitor Bournvita was holding a near 100% market share.

When HUL launched ‘Dove’ they also advertised it to have superior quality ingredients and so it was launched at a high price and it continues to be priced at a higher level than all the soaps in the market.

v. Blocking Competition Pricing:

A brand leader who is ruling with a high market share can decide to work on wafer-thin profit margins and sell the product at a very very low price, making the entry in the market difficult for new products (because of high investment cost and marketing cost to establish).

This way it becomes very difficult to enter the market and challenge the market leader. For example, Parle Glucose is being sold at an unbelievably low price and so no new product has entered this market to challenge their monopoly for many years.

[PRICING DECISIONS & FACTORS](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#1) INFLUENCING PRICING DECISIONS MARKETING MANAGEMENT .

[INTRODUCTION • Pricing is](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#2) simply the “money charged for a product or service”. • It is everything that a “ customer has to give up” in order to acquire a product or service. • The “price is not the same thing as cost”. • Pricing is “one of the most important business decisions” management take. • Unlike other elements of marketing mix, “pricing decisions directly affect revenues rather than costs”. • It contributes to the “perception” of a product or service by customers. • There are so many factors to consider, and much uncertainty about whether a price change will have the desired effect.

[PRICE • Price is](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#3) the value that is put to a product or service and is the result of a complex set of calculations, research and understanding and risk taking ability. • Philip Kotler define“ Price is the amount of money charged for a product or service.” • Stanton define “ Price is the amount of money or goods needed to acquire some combination of another goods and its companying services.”

[PRICING DECISIONS • Pricing](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#4) is the process whereby a business sets the price at which it will sell its products and services, and may be part of the business's marketing plan. In setting prices, the business will take into account the price at which it could acquire the goods, the manufacturing cost, the market place, competition, market condition, brand, and quality of product.

[FACTORS INFLUENCING PRICING](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#5) DECISIONS INTERNAL FACTORS 1. Cost 2. Company Objectives 3. Organisational Factors 4. Marketing Mix 5. Product Differentiation EXTERNAL FACTORS 1. Competition 2. Demand 3. Suppliers 4. Economic conditions 5. Consumers 6. Government

[INTERNAL FACTORS • The](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#6) internal factors are factors that can be control, determine and process by the organisation. • This factors are mostly in relation with the organisation business level strategy and greatly influenced by the nature of business.

factor that determine price. • This is the cost (TC= FC+VC) incurred by the organisation in the production of goods or service. • The cost of production is largely influence by the supplier cost, macroeconomic trends and the nature of business. • In an economy with high inflation rate, the cost of production will rise except where the organisation has monopoly of its supply.

[Company Objective •](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#8) Some organisation set a cost plus pricing. In such case, a percentage is added to the cost of production in order to arrive at the price. • The argue here is that, the company’s objective is profit maximization and therefore a pricing decision must be that will consider that profit maximization objective. • When pricing decisions are made, they must be in line with the overall company objectives, as this is what will inform what the pricing objective really is, so that the pricing decisions made will not be against the company objective.

[Organisational Factors •](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#9) Pricing decisions occur on two levels in the organisation. Over- all price strategy is dealt with by top executives. They determine the basic ranges that the product falls into in terms of market segments. • The actual mechanics of pricing are dealt with at lower levels in the firm and focus on individual product strategies. Usually, some combination of production and marketing specialists are involved in choosing the price.

[Marketing Mix •](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#10) Price is the important element in marketing mix. • A shift in any one of the elements has an immediate effect on the other three - Production, Promotion and Distribution. • The effort for implementing strategies will not succeed unless the price change is combined with a total marketing strategy that supports it.

[Product Differentiation •](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#11) The price of the product also depends upon the characteristics of the product. • In order to attract the customers, different characteristics are added to the product, such as quality, size, colour, attractive package, alternative uses etc. • Generally, customers pay more prices for the product which is of the new style, fashion, better package etc.

[EXTERNAL FACTORS • The](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#12) external factors are those factors that are not within reach of the organisation. They are external because there are many parties that determine and control these factors. • The business organisation is a party to the external factor and cannot control or determine the aggregate indicators of these factor.

[Competition • Competition](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#13) is a crucial factor in price determination. • A firm can fix the price equal to or lower than that of the competitors, provided the quality of product, in no case, be lower than that of the competitors.

[Demand • For](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#14) a new product, there is need to price such product strategically in such a way that it penetrates the market, even if it will be at par with the total cost, while for a highly demanded product, an increase in price may not really have a high effect on the demand for such products, so is the need for management when making pricing decisions to consider the demand for the product. • Some companies who receive order from customers may decide to reduce their price per unit or increase their discount, when it is noted that demand from a customer is high, and this may be on the other way round, depending on other factors considered by the management.

[Suppliers • Suppliers](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#15) of raw materials and other goods can have a significant effect on the price of a product. • The price of a finished product is intimately linked up with the price of the raw materials. • Scarcity or abundance of the raw materials also determines pricing.

[Economic Conditions •](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#16) The inflationary or deflationary tendency affects pricing. • The prices are increased in boom period to cover the increasing cost of production and distribution. To meet the changes in demand, price etc.

[Consumers/ Customers •](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#17) The various consumers and businesses that buy a company’s products or services may have an influence in the pricing decision. • Their nature and behaviour for the purchase of a particular product, brand or service etc. affect pricing when their number is large.

[Government • Price](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#18) discretion is also affected by the price-control by the government through enactment of legislation, when it is thought proper to arrest the inflationary trend in prices of certain products. • The prices cannot be fixed higher, as government keeps a close watch on pricing in the private sector. The marketers obviously can exercise substantial control over the internal factors, while they have little, if any, control over the external ones.

[CONCLUSION • Price is](https://www.slideshare.net/JithinOmanakuttan/pricing-decisions-factors-influencing-pricing-decisions-115561567#19) a the sum of value that the customer exchange for benefit. • Pricing includes all that the firm is offering along with the product. • There are certain factors that include pricing decisions. They are broadly classified into internal and external factors. • Internal factors include cost, objectives, factors of organisation marketing mix etc. External factors include demand, supplies, policies by government, competition etc.

**Answer of question 2**

Market driven strategy:

A market-driven strategy allows a company to truly understand its market and the customers that are the basis for this market. This effort allows for a more effective integration of all activities that may impact customer value, which in turn affects both return-on-investment and profitability.

Microsoft. Apple is a market-driving company anticipating trends and taking risk to consistently amaze and surprise customers with delivered value. Microsoft is a market-driven company missing trends and failing to take risk which forces it to react after dramatic market shifts have already occurred.

Market-driven businesses obtain competitive advantages that significantly enhance their capacity to continuously give consumers real value and have their offerings more readily accepted by the market by maintaining very strong ties with their customers and, consequently, with the market.

When it comes to deciding what product to build next, there are always two choices: to be market-driven or to be product-driven. Being market-driven means building products we know our users need. Being product-driven, on the other hand, means building products we believe in, then finding the users for the product.

Market driven refers to a business orientation that is based on understanding and reacting to the preferences and behaviors of players within a given market structure.

Market-Driven Management is a corporate strategy that presupposes direct, continuous benchmarking with competitors, in a context of customer value management.

Product-Driven marketing essentially means building a product that markets itself, through word of mouth and customers creating virality. In this way, the product is growth-enabled. To be successful, have to build this approach from the very beginning, have to experiment, fail fast, test, and learn.

Emphasizes competitiveness not only between the organization and its market competitors but also between employees. An emphasis on individual performance is thought to lead to greater achievement for the individual employee and, as a result, greater success for the organization.

Market-Driven Requirements Engineering (MDRE) covers the classical RE activi- ties, such as elicitation, specification, and validation, adapted to the market-driven situation, where a software producer develops a product that is offered to an open market with many customers.

Countries like the United States, Japan, and the UK are examples of market economies. In these market economy countries, individuals own most of the resources. Their economies are not controlled or regulated by a central authority. Instead, the forces of demand and supply influence the core market activities.

A purpose driven strategy that focuses on meaning and execution and impact produces a profound result (example cases below). Having one without the other is possible, but when working together, the possibilities are limitless.

A market-driven strategy is the planning and deployment of business resources to achieve a central set of objectives through a continuously changing set of circumstances. It is customer focused and organizational wide with every level of the organization having its business unit strategy nested within the larger corporate strategy. Finally, it is concise, clear and complete and must be communicated to everyone in the organization.

**New product planning process:**

Product planning involves all of the internally focused decisions, steps, and tasks necessary to develop a successful product. In other words, it involves everything you'll need to do that will affect the product itself.

Product planning aims to ensure that the right products are developed and released at the right time to maximize profitability and meet customer needs. Product planning begins with market research to understand customer needs and the competition.

The main scope of production planning includes the following: Identifying and stating the purpose of production, in which this will include the item name, code of the product, quantity, volume, any raw material requirements, and various others.

A product strategy is a high-level plan that defines your product goals throughout its life cycle and how it will support the organization's goals. The product strategy will also answer who the product will serve and how it will benefit them. These plans are then brought to life on the roadmap.

A product plan, also known as a product roadmap, is a broad overview of the upcoming product, its timelines, budget, resources, tasks, and much more. The product plan describes what the product team is set out to build, the reason for building the product, and by when the product is ready for launch.

The primary reason for any new product development is to provide value to its customers. The increasing demands of customers for innovation & new technology calls for the need to develop new or existing products. Otherwise, there is no reason to pour in huge amounts of money in the first place.

The product vision is an inspirational statement describing an end state. It describes the goal to be achieved by product. The product strategy, on the other hand, is an actionable document that outlines how to achieve goal.

Product planning and development encompasses the stages involved in taking a new product from idea to market or reengineering an existing product.

Generally, new product development can be broadly classified into two groups: Technological innovations: New products arising out of technological innovations. Marketing-oriented modifications: New products arising out of marketing-oriented modifications.

A product's mission is a clear, concise statement that explains the product's highest-level purpose. It clarifies who the product serves and what it does for them.

A product roadmap is a plan of action for how a product or solution will evolve over time. Product owners use roadmaps to outline future product functionality and when new features will be released.

Product planning is an essential process for companies that create, manufacture and sell goods. Having a product development plan allows businesses to assess their current customer demographics, identify markets for expansion and create product development goals that help them gain, retain and serve their customers. Learning about product planning can help you create a product development strategy that grows your business. In this article, we define product planning, present four product planning examples and explain the benefits of this process.

Product planning is the process of developing successful products to offer customers. It includes all aspects of the product development cycle, including market research, strategic planning, product design and development, manufacturing and pricing. A product development plan helps construct realistic goals for each stage of the development process. It also allows to measure progress toward those goals, assess successes and make adjustments as needed.

**Answer of question 3**

1. Brand leveraging:

A brand leveraging strategy uses the power of an existing brand name to support a company's entry into a new, but related, product category. For example, the manufacturer of Mr. Coffee™ coffee makers used its brand name strength to launch Mr. Coffee™ brand coffee.

By leveraging the value of brand, it can more easily add new products to line and people will be more willing to trying new product and can expand into new markets and geographies. People there will recognize brand to make an instant positive connection, and follow.

Creation of content for and with partners and other well-known brands and publications in area to gain a presence on their websites, social media channels, and newsletters. Ensuring that following SEO for best practices enabling brand to gain more awareness by being present organically on the search results pages.

It raises both earnings per share (EPS) and financial risk. A high level of financial leverage indicates the presence of high financial fixed costs as well as high financial risk. It aids in balancing financial risk and return in the capital structure.

Brand leveraging is the strategy to use the power of an existing brand name to support a company's entry into a new but related product category by communicating valuable product information to the consumer. For example, the manufacturer of tea maker uses its brand name strength to launch tea vending machine.

Using marketing leverage allows you to meet the needs of your customers better and enhance their experiences. For example, a clothing retailer may offer free alterations on all of their clothing items if a customer brings in more than one item of clothing for alteration at once.

Strategic leverage is defined as a company's maneuver (its ability to change its competitive position in a market) multiplied by its return (changes in revenue, market share, or both that result from any maneuver).

The key to success in a competitive marketing category is maximizing your marketing leverage. The definition of leverage is the addition of strength, weight, clout or pull. This is absolutely critical in marketing to gain the upper hand against competitors who often have more resources to burn.

Leverage is defined as “the exertion of force by the means of a lever or an object used in the manner of a lever.” In plain terms, a lever is a simple machine used to reduce the amount of effort required to move a heavy object. A basic lever consists of a rigid beam sitting atop a fixed hinge.

The leverage effect describes the effect of debt on the return on equity: Additional debt can increase the return on equity for the owner. This applies as long as the total return on the project is higher than the cost of additional debt.

It is the ratio of the percentage change in operating income to the percentage change in units sold. It measures how sensitive a company's operating income is to changes in sales. For example, a DOL of 2 means that a 1 percent change in units sold results in a 2 percent change in operating income.

The risk of leverage is investing that debt and losing what borrowed, which can wipe out any profits.

Good leverage points , are observations that are outlying in the space of explanatory variables (i.e., have characteristics that are different from the bulk of data) but that are located close to the regression line.

1. Line extension:

Line extensions refers to the process of expanding an existing product line. This is when a company with an established brand introduces additional items in a product category. The company uses the value of the existing product to market and introduce new choices to consumers.

Line extension is a marketing strategy used to expand a product line. This can involve introducing new products that are variations of existing products, such as different flavors or sizes, or creating similar products that are related to the original product line in some way.

Extending product lines may afford companies the opportunity to provide variety to their customers. Providing similar products with different flavors or added features may give customers the chance to continue using a particular item even if their mood or preference changes.

Extending your product line has several strategic benefits including increased profits, customer loyalty, and brand visibility.

Successful Examples of Line Extensions: Colgate with Hemp Seed Oil. Coca-Cola Cinnamon.

Similar to the Law of Division, the Law of Line extension is when a company with a successful product in one category tries to extend its success by launching additional products in other categories under the same brand name.

A company introduces a brand line extension by using an established product's brand name to launch a new, slightly different item in the same product category. For example, Diet Coke™ is a line extension of the parent brand Coke™.

The difference is that life filling is when you add more product items within the present range of the product line. On the other hand, line stretching is when increase the current product line beyond the current product range.

Horizontal extension refers to instances when an existing brand name is applied to. a new product, in either the same product class (line extension) or in a new product. class/category (franchise/brand extension), with the same price positioning or quality.

Coca-Cola releasing its 'Diet Coke' variant was a line extension where the product didn't release in a totally new category. Whereas brand extension is where the new products are launched under the same brand but in new territories or markets.

1. Promotion strategy VS advertising strategy:

Promotion is a set of activities with the main aim of persuading the customer to buy a product, service or brand through highlighting the advantages. Advertising is known to be an impersonal promotion that is typically used to draw the attention of customers towards products or service through a selected paid media.

Advertising is a one-way communication whose purpose is to inform potential customers about products and services and how to obtain them. Promotion involves disseminating information about a product, product line, brand, or company. It is one of the four key aspects of the marketing mix.

An advertising strategy is an action plan designed to increase sales of certain products or services, attract new customers, and invite existing ones to make multiple purchases. An advertising strategy is part of a brand's marketing plan, so it must be aligned with the company's objectives.

Examples of the promotion of sales are short lived lower prices, coupons with a few cents off, and "buy an item, get another one free" offers. Advertising is used to make the identity of a brand as well as the value of a brand more visible to create an emotional tie to a future customer.

While advertising presents a reason to buy a product, sales promotion offers a short-term incentive to purchase. Sales promotions often attract brand switchers (those who are not loyal to a specific brand) who are looking primarily for low price and good value.

The similarities between advertising and promotion include a focus on ensuring a profitable sales strategy, and stimulating the appetite for a company's goods or services. In both cases, the marketing department generally has extensive involvement in advertising and promotional activities.

Advertising is the exact same thing, but with a different word being used to make it sound like it's somehow different. Advertising and promotion are tools of marketing. In its simplest: advertising is usually selling a product while promotion is usually selling an idea.

Advertising and promotion strategies are commonly used to introduce new products, sell existing products, attract more customers, and increase sales in each period. Designing good and strong sales promotion strategies is a skill that professionals must perform.

Advertising is a marketing activity that can help you to reach out to potential customers and encourage them to buy your products or services. An effective advertising campaign can help you to: increase customer reach. build customer awareness of your business and brand.

A promotion strategy is a plan to create or increase demand for a product. It outlines the tactics will use to raise awareness about product and get people interested in buying it. The goal of a promotion strategy is to introduce potential customers to product and convince them to make a purchase.

Advertising helps educate consumers about how products or services help them and what brand stands for. It can use ad campaigns to improve brand building and generate a deeper understanding of brand—from company mission to the value of what sells.

1. Limitations of sales promotion:

Consumers who consistently purchase a brand because of a coupon or pice off deal may attribute their behavior to the external promotional incentive rather than o a favorable attitude towards the brand. Sales promotions are both costly and time-consuming.

* Diverting away from dream - Everyone has a vision of where they want their career to end up.
* Poor timing - A promotion may come at a particularly stressful time in personal life.

There are several drawbacks to the direct selling system, such as being difficult to use by sales representatives and distributors, not providing support for business growth, representation must be with good marketing skills, and unclear sales focus.

One of the more risky or negative effects of sales promotions is that they can lead to a price orientation amongst customers. This is especially true if overuse them or maintain discounts for an extended period.

Education, location, income, personality characteristics, knowledge, bargaining capacity, profession, age, sex, etc., are the important factors that affect company's promotion strategy.

Promotion abuse (promo abuse for short) is a type of online fraud that involves customers taking advantage of a business's offers. Whilst a few customers getting better discounts than they should doesn't sound too bad, the long-term effects can leave businesses with eye-watering hidden costs.

Creating new leads: Sales promotions increase customer acquisition by offering them discounts, free products, free trials, and more. Many potential buyers are willing to try something for a lesser price, and if they like the product they become part of company's loyal base.

It is a fundamental change in [strategic decisions](https://www.googlesir.com/types-of-decision-making/) about how companies market their products and services. But sales promotion has certain problems.

The value of this increased emphasis on [sales promotion](https://www.googlesir.com/role-and-nature-of-sales-promotion/) has been questioned by several writers, particularly with regard to the lack of adequate planning and management of sales promotional programs.

Overuse of sales promotion can be detrimental to a product in several ways.

Consumers who consistently purchase a brand because of a coupon or pice off deal may attribute their behavior to the external promotional incentive rather than o a favorable attitude towards the brand. Sales promotions are both costly and time-consuming.

1. Strategic alliances:

A strategic alliance is an arrangement between two companies to undertake a mutually beneficial project while each retains its independence. The agreement is less complex and less binding than a joint venture, in which two businesses pool resources to create a separate business entity.

Examples: Spotify And Uber. A prominent strategic alliance example is the partnership between Spotify and Uber.

MasterCard And Apple Pay.

Chevrolet And Disney.

Vodafone India And ICICI Bank.

Barnes & Noble And Starbucks.

Equity Strategic Alliance.

Non-Equity Strategic Alliance.

Joint Venture.

A strategic alliance is an agreement between two parties for the mutual benefit of both. Each side often provides some sort of resource it allows the other party to use; by collaborating with another entity, both parties are poised to benefit in some way. Uber. " Ride,Music."

Strategic alliance is an agreement between two or more organizations to cooperate in a specific bu- siness activity, so that each benefits from the strengths of the other, and gains competitive advantage.

A strategic alliance enables in a firm to:

Gain new client base and add competitive skills.

Entering new business territories.

Creating different sources of additional income.

Level industry ups and downs.

Building valuable intellectual capital.

Affordable alternative to merger/acquisitions. Reduce risk.

One of the most well-known examples of a strategic alliance is the Starbucks and Target partnership. In fact, probably seen this strategic alliance example several times.

Strategic alliances can help alleviate the costs and risks associated with NPD. Successful alliances involve four stages: awareness, exploration, commitment, and dissolution.

Strategic alliances may develop into long-term business partnerships. One party may offer technological support, while the other party offers the platform for market penetration. Strategic alliances may be short-term or long-term, small or big in size, depending on the business requirements of the parties.

The alliance lifecycle is a process, or structured approach, for alliances. It is the roadmap that your organization can follow to create successful alliances. Most alliance life cycles are similar. But often they are not the same since they adjust to the organization that's using the lifecycle.

Evaluate and select potential partners based on the level of synergy and the ability of the firms to work together. Develop a working relationship and mutual recognition of opportunities with the prospective partner. Negotiate and implement a formal agreement that includes systems to monitor performance.

Strategic alliances occur when two or more organizations join together to pursue mutual benefits. Partners may provide the strategic alliance with resources such as products,distribution channels, manufacturing capability, project funding, capital equipment, knowledge, expertise, or intellectual property.

An alliance is a relationship among people, groups, or states that have joined together for mutual benefit or to achieve some common purpose, whether or not explicit agreement has been worked out among them. Members of an alliance are called allies.

1. Synergy:

Synergy is a process in which individuals or companies combine their resources and efforts to achieve more productivity, efficacy, and performance than they could alone. Mergers and acquisitions are the best example of this where the new company will provide more value than the two enterprises separately.

Synergy also occurs when you complete two tasks with one action. The value created from the combination is the time saved over what would have been required in doing each task separately. If I fold laundry while listening to a podcast, I create more time for myself than if I had done each activity on its own.

Principle of synergy says that common interaction of system components leads to a result that is greater that the simple sum of components parameters. Synergy means cooperation, collaboration or joint effect of elements (components) of the system.

Synergy connotes the creation of a whole which is greater than the sum of the individual parts. For example, synergy is obtained when 2 + 2 is not merely 4, but can be made to add up to more than 4. Synergy occurs when the interaction and outcome of team members is greater than the sum of their individual efforts.

In comparison, a synergistic effect is the situation where the combined effect of two chemicals is much greater than the sum of the effects of each agent given alone, for example: 2 + 2 >> 4 (may be 10 times or more)

Synergy is when two or more organizations interact or cooperate to produce a combined effect that is greater than the sum of its separate parts.

Synergy results in high productivity, efficiencies and employee accountability. This can be achieved when company goals are set and everyone collaboratively sees the whole process through to completion. Team effort is key in attaining growth and success.

Synergy is indicated when the whole offers more possibilities than the sum of its parts; “interdisciplinarity” can be an instrument for creating “synergy.” Synergy can be measured as an increase of redundancy; that is, the number of options which are available, but not-yet used.

Synergy is important because it allows companies to achieve greater business efficiency and effectiveness as an organization. The effects of it can also boost employee morale, give companies a competitive advantage, increase customer satisfaction and expand market share.

Overall, synergy is the potential financial benefit achieved when two companies merge. There are many examples of successful company mergers and acquisitions, and the reason behind their success is the identification of synergies early on.

Synergos means “to work together” or “to collaborate.” At its core, synergy is about helping effectively connect, communicate, and collaborate with cross-functional partners.

Synergy allows companies to combine resources, personnel and data leading to more effective operations and marketing efforts. These synergised companies can also benefit from strategic partnerships, allowing access to more effective supply and the ability to reach a larger market.

The main sources of synergies in M&A deals are cost, revenue, and financial synergies. Cost synergies come from eliminating duplicate functions, streamlining processes, consolidating facilities, or leveraging economies of scale or scope.

The principle in marketing that the whole is greater than the sum of the parts; putting the marketing mix variables together in a way that achieves maximum effect. 51% of employees would recommend working at Synergy Companies to a friend and 55% have a positive outlook for the business. This rating has improved by 2% over the last 12 months. Captain Rajesh Unni is the Founder and CEO of Synergy Marine Group, one of the world's leading shipmanagers.