UNIT - III
FUNCTIONAL MANGEMENT

Human Resource Management-Concept of HRM, HRD, Functions of HR Manager, Job Analysis, Job Evolution and Merit Rating

Marketing Management-Functions of Marketing, Four P's , New product development, Product Life Cycle, Service marketing

Human Resource Management: Human resource management is theprocess of managing the human resources of an organization in tune with the vision of the top management.

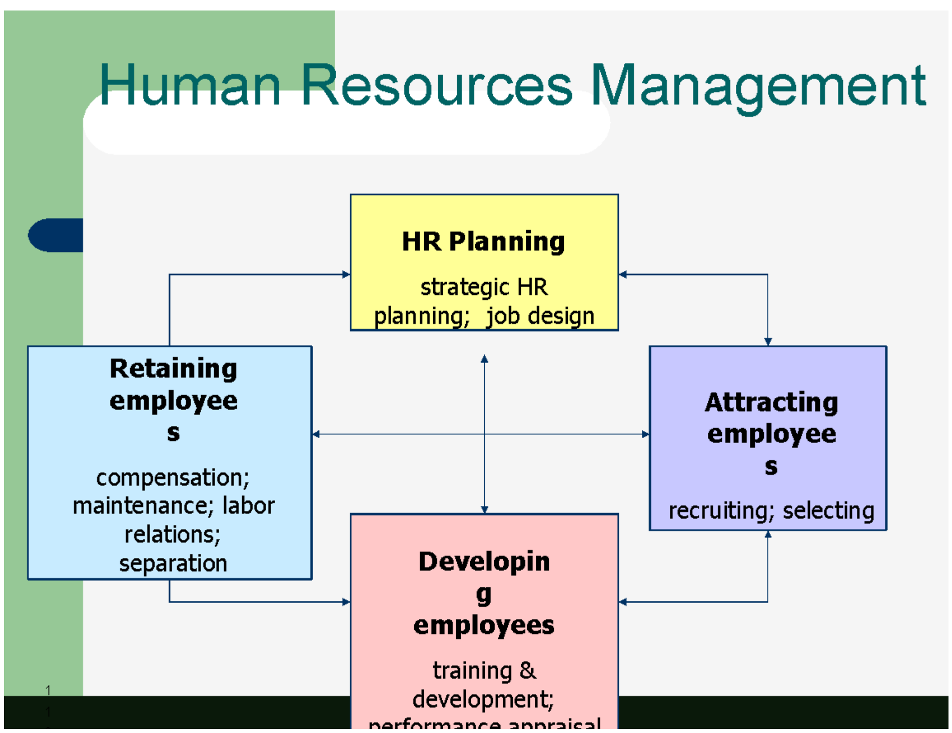
Personnel Management: Defines personnel management as the planning,organizing, and controlling of the procurement, development, compensation, integration and maintenance of people for the purpose of contributing to the organizational goals.

FUNCTIONS OF HR

Managerial Function	**Operative Functions**
Planning	Procurement of personnel
Organizing	Development of personnel
Staffing	Compensation of personnel
Motivating	Employees benefits schemes
Controlling	Maintaining good industrial relations
	Record keeping
	Personnel planning and evaluation

HRM Functions

Staffing	Training & Development	Compensation	Administration
HR Planning	Employee Training	Motivation	Safety and Health
Employee Socialization	Management Development	Wages & Salary	Employee Relation
Job Analysis		Job Evaluation	Labor Relations
Recruitment	Career Development	Pay & Benefits	Grievance
Selection	Performance Evaluation	Discipline	Risk Management
Placement	Transition Planning	Resource Allocation	Social Security
Onboarding		Payroll	Welfare
Transfer		Bonus & Incentives	Record Keeping
Promotion			Personnel Audit

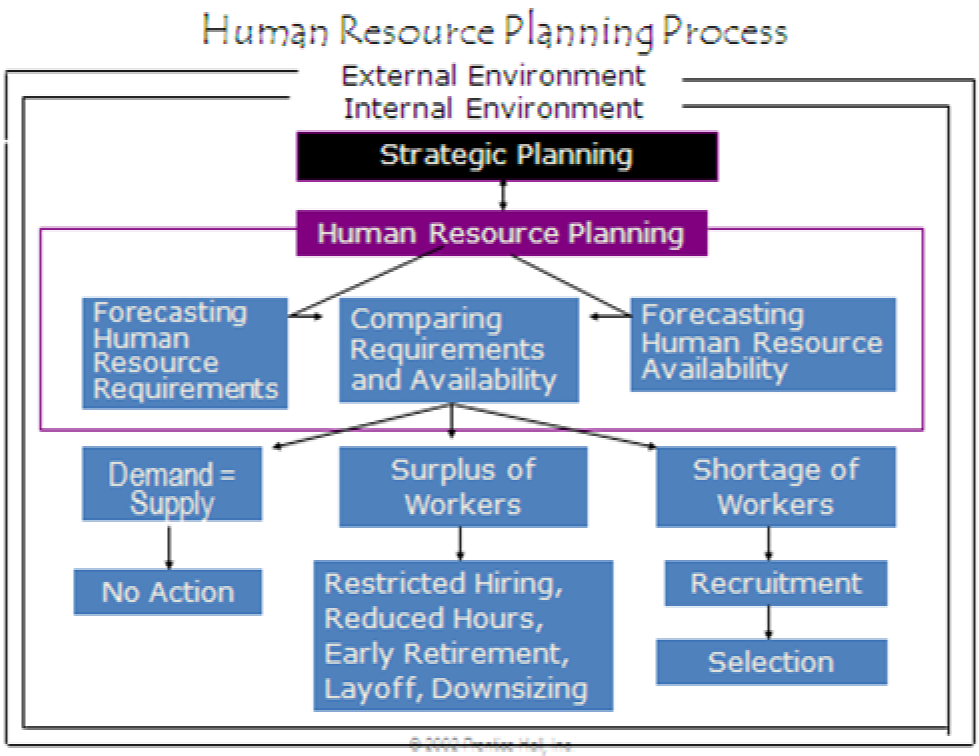


MANPOWER PLANNING (HR Planning)

It is the scientific process of evolving the right quantityof right men to be required in future at right time on the right job.

Definition:

Manpower planning may be defined as a rational method of assessing the requirements of human resources at different levels in the organization. It ends with proposals for recruitment, retention, or even dismissal, where necessary



Objectives of Manpower Planning:

1) Forecast personnel requirement
2) To ensure optimum utilization of resource
3) Use of existing manpower productively
4) Cope with changes(training about technological changes)
5) To provide control measures(ensure resource availability when required)
6) Promote employees in systematic manner(promotions, pay scale)
7) To provide a basis for Management Development Programmes.

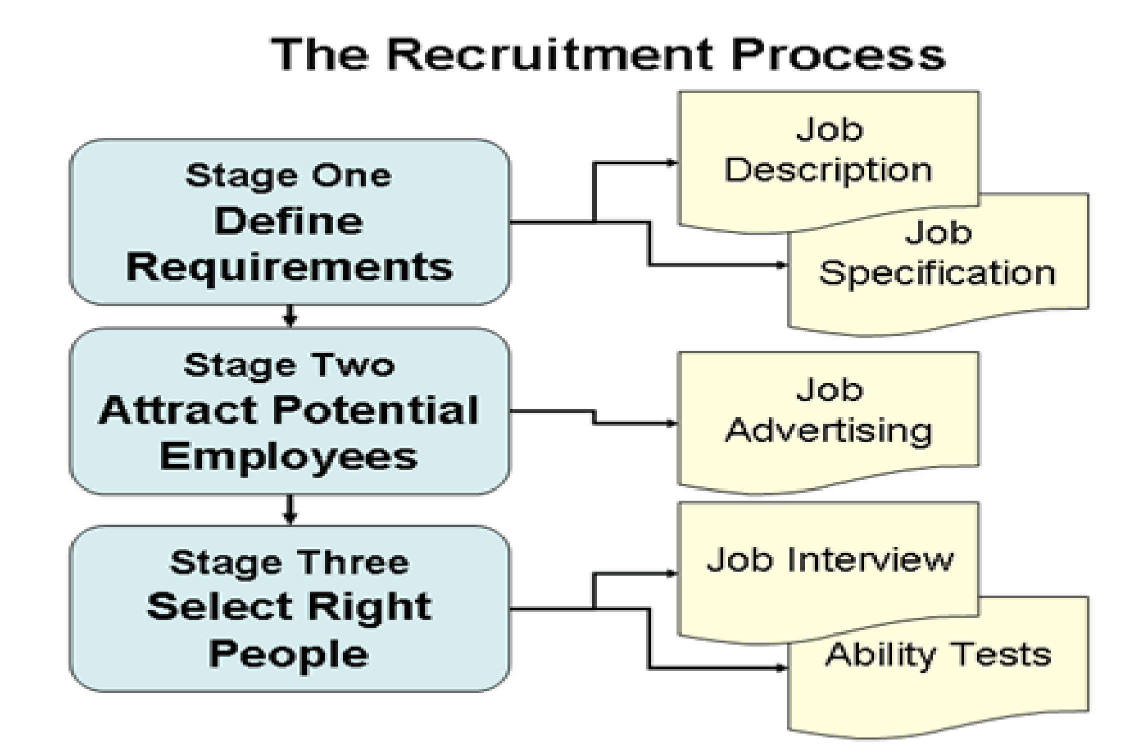
8) To assist productivity bargaining(good deal)
9) To assess the cost of man power

RECRUITMENT

According to Edwin B.Flippo defined recruitment as "The process of searching for prospective employees and stimulating them to apply for jobs in the organization.

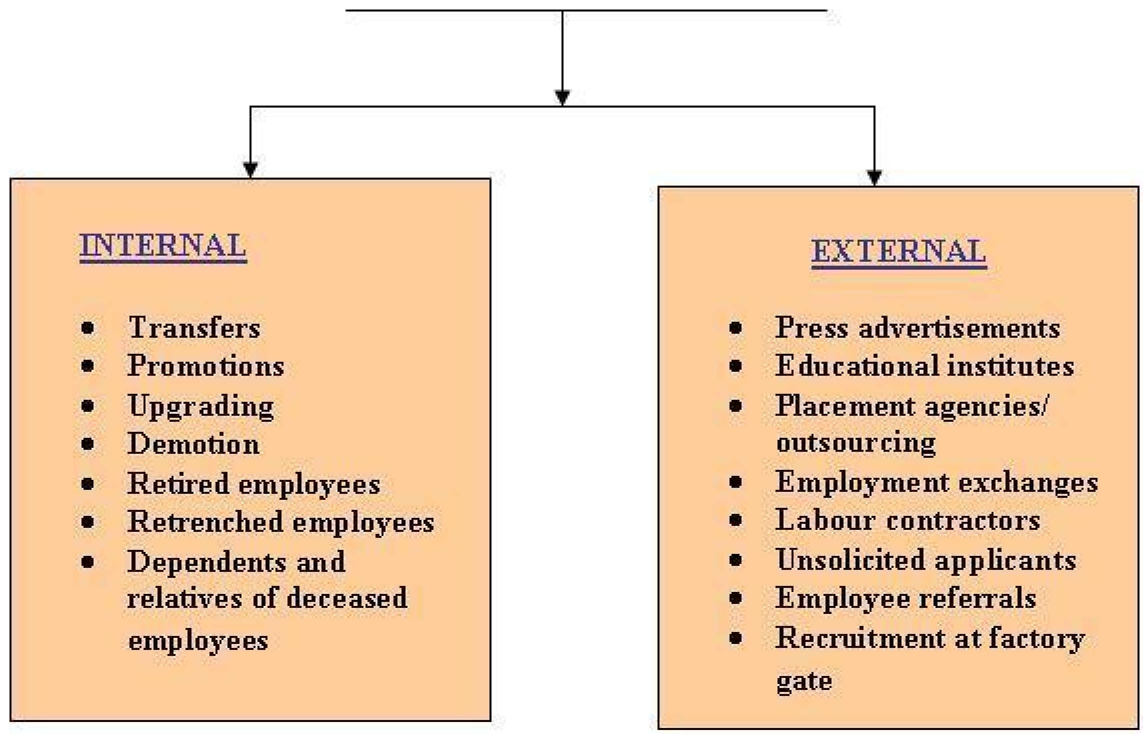
Goals:

1 Attract the Qualified Applicants 2.Encourage Unqualified Applicants to self-select themselves out.



Methods of Recruitment

Methods



SELECTION

The process of identifying the most suitable persons for theorganization is called selection. Selection is also called a negative function because at a stage the applications are screened and short-listed based on the selection criteria. The main purpose of selection is to choose the right person for the right job. The job analysis, job description, and job specifications are carried out before the position is advertised. These provide adequate insight about nature of the job, its description, and its specifications, and further focus on what type of person is to be selected for a given position

Selection process involves the following stages:

1. Initial screening/Short listing
2. Comprehensive application/bio data screening
3. Aptitude or written rests
4. Group discussion
5. Personal interviews
6. Group discussion
7. Personal interviews
8. Medical examination

9. Employment offer letter

TRAINING AND DEVELOPMENT

Training

Training is short-term process of utilizing systematic and organizedprocedure by which the staff acquires specific technical knowledge and functional skills for a definite purpose. The focus of training is the job or task.

Training Needs

- High turnover among the new recruits
- Increase in wastage of materials
- Increase in the number of rejected units of production
- Increase in the number of customer complaints
- Increase in the accident rate
- Reduced productivity levels
- Increase in machine breakdowns

Methods of Training

There are two methods of training

A. On-the job training
B. Off-the job training

A) **On-the job training**: It is designed to make the employees immediatelyproductive. It is learning by physically doing the work. The focus here is to provide specific skills in a real situation. These methods include:

1. Job instruction training:

This is a method used for such jobs which can be performed with relatively low skill. Here, the trainees systematically acquire skills by following routine instructions in key processes from a qualified instructor.

2) Experiential learning:

This is a modern approach to the learning process. This method is more .used for training the senior executives. It is a technique, which empowers the manager-trainee with the freedom of choice to act upon and the capacity to initiate, rather than simply respond, to circumstances.

3) Demonstration

Here, the work procedures are demonstrated to the trainees. Each of the trainees is asked to carry out the work, on a sample basis, based on his/her observation and understanding of the demonstration.

4) Apprentice training

Those who are selected to work in the shop floor are trained as apprentices in the factory for a brief period ranging from three months to one year, depending upon the complexity of the training. Those who show good progress in this training are likely to be absorbed in the same organization. Those who complete apprentice training are likely to get good jobs outside also

B) Off-the-job training methods

Provide a relatively broad idea relating to agiven job or task. These are meant for developing an understanding of general principles, providing background knowledge, or generating an awareness of comparative ideas and practice. These methods include:

1) **Lectures/talks and class room instructions**

These techniques are designed to communicate specific interpersonal, technical, or problem-solving skills. Here, the trainer can maintain a tight control over learning. However, this method restricts the trainee's freedom to develop his/her own approaches to learning.

2) **Conferences**

Conferences refer to get-together of the experts from different areas of a given topic. These experts present their views based on their work experience and research results. When employees participate in such events they get a feel of the real world. They may also get motivated to perform better.

3) **Seminars**

Seminars are held periodically by the professional organisations for the benefit of all the practicing managers by taking into consideration the recent advances in a specialized area. Participation in such seminars enables the executives to get exposed to the recent developments in the area of their interest.

4) **Team discussions**

This technique develops team spirit among the executives from different departments. It also enables them to understand and appreciate each other's problems. It reinforces a feeling of unity among those who work towards common goals.

DEVELOPMENT

Development is an activity aimed at career growth rather thanimmediate performance. Employee development is the process, which helps him or her to understand and interpret knowledge rather than teaching a specific set of functional skills. Development, therefore, focuses more on employee's personal growth in the near future.

PLACEMENT

After training, the employee is placed in his/her position underthe charge of a manager. The new recruit is allowed to exercise full authority and is held responsible for the results.

a) **Promotion** Promotion refers to the advancement of an employee to a job with a higher authority and responsibility. It may also carry a better compensation package. Promotion can also be viewed as a means of filling up vacancies in the organization occurring from time to time.

b) **Demotion** Where an employee is not in a position to perform a given job, he may be demoted or transferred to a position with a lower authority and salary. In other words, demotion is a punishment.

c) **Transfer It** is a lateral shift that moves an individual employee from one position to another. It may be in the same department, or to a different department or location. This does not involve any changes in the duties, responsibilities, or skills needed. The salary benefits also may remain the same.

d) **Separation Separation** refers to termination of employment. In other words, the employee is separated from his job. In case of misconduct or misbehavior, where the employee is not in a position to improve his performance despite notice, his/her employment is terminated. This is also called dismissal.

e) **Absenteeism Absenteeism** refers to the practice of an employee who does not report to work for any particular reason. Absenteeism affects the productivity adversely. It becomes difficult for the departments to cope up with the work pressures, if any particular employee is absent. As a measure of control, the employees are not allowed to be absent without prior permission from the management.

WAGES AND SALARY ADMINISTRATION

Wages and salary administration is theprocess of fixing wages/salary for different jobs in the organization through job evaluation, negotiations with the unions, and so on.

GRIEVANCE HANDLING

A complaint from employees, when ignored, takes theform of a grievance. Grievance is a complaint genuine or otherwise, about any issue relating to the job such as about supervisor, wages, working conditions and so on. It is necessary to create an in-build mechanism to redress the grievances, at the earliest, at the departmental level. If the individual grievances are ignored, they may take the form of industrial disputes.

PERFORMANCE APPRAISAL

Performance appraisal is the process of measuringand evaluating the performance or accomplishments, including behaviour, of an employee on the job front for a given period. The purpose is to assess the worth and value of a person to the organization. It is also meant for assessing his/her potential for future development in an objective manner.

Why appraise the performance

1. To assess the employee's present level of performance
2. To identify the strengths or weaknesses of individual employee
3. To provide feedback to the employee so that he can improve his/her performance
4. To provide an objective basis for rewarding the employees for their performance
5. To motivate those employees who perform
6. To check and punish those employees who fail to perform
7. To identify the gaps in performance, and thus, assess training and development needs
8. To identify the employee's potential to perform
9. To provide a database for evolving succession strategies

To provide a basis for many other decisions such as fixation of incentives or increment, regularization or confirmation of the services of the employee, promotion, transfer or demotion

JOB EVALUATION

An attempt to determine and compare the demands whichthe normal performance of particular job makes on normal workers without taking account of the individual abilities or performance of workers concerned. It rates the job not the rank.

Objectives

1. To establish correct wage correct wage differentials for all jobs within the factory
2. To bring new jobs into their proper relatively with jobs previously established
3. To help clarify lines of authority, responsibility and promotion
4. To accomplish the foregoing by means of the facts and principles, which can be readily explained to and accepted by all concerned
5. To establish a general wage level for a given factory which will have parity with those of neighboring factories

Advantages

1. It is simple, inexpensive and expeditions
2. It is easily understood and easily administered
3. It helps setting better rates than the arbitrary rates based purely an judgment and experience
4. Same unions prefer it, because it leases more room for bargaining.

Disadvantages

1. Job may be ranked on the basis of incomplete inform action and without the benefits of well defined standards
2. The rank position of different jobs is likely to be influenced by the prevailing wage ranks
3. No one committee number is likely to be familiar with all the jobs

Method of Job Evaluation

It is broadly be classified as

1) Qualitative Method
2) Quantitative Method

1) Qualitative Method

It can broadly be classified as ranking or classifyingthe job from lowest to highest.

a) **Ranking technique**

In this method, the jobs in the organization are arranged in either in the ascending or descending order and numbered serially. The basis of such arrangement could be the job description in terms of duties, responsibilities, qualifications needed, relative difficulty involved in don the job, or value to the company.

Points considered:

1. Amount of work involved

2. Supervision needed
3. Extent of responsibility required
4. Difficulties involved in the work
5. Work conditions required

b) **Classification Method:**

This is also called job-grading method. Here, the number of grades and the salary particulars for each grade are worked out first. The grades are clearly described in terms of knowledge, skill and so on.

Major steps for job evaluation

1. Deciding the number of grades
2. Writing grade descriptions
3. Identifying/listing of the jobs to be evaluated
4. Preparing job descriptions

Quantitative Method

Where point values are assigned to the variousdemands of a job and relative value is obtained by summing all such point values.

a)**Factor comparison method**

Every job requires certain capabilities on the part of the person who does the job. These capabilities are considered as critical factors, which can be grouped as follows:

- Mean effort Skill
- Physical
- Responsibility
- Working conditions

Step involved in the factor comparison method

- Identify the key jobs
- Rank the key job, factor by factor
- Apportion the salary among each factor and rank the key jobs
- Compare factor ranking of each job with its monetary ranking Develop a monetary comparison scale
- Evaluate non-key jobs based on the monetary comparison scale

b) **Point-rating method**: There are four widely accepted factors used in the point-rating method, skill, effort, responsibility and job conditions each of these factors is divided into sub-factors.

MERIT RATING

Merit rating is the process of evaluating the relative merit of theperson on a given job. It is an essential task of the personnel manager to distinguish the meritorious employees from the other. The data collected from this task is used for strategic decisions such as releasing an increment in pay, promotion, transfer, and transfer on promotion to a critical assignment or even discharge.

Objectives of Merit Rating

- To determine salary increments
- To decide who has to be transferred, promoted, or demoted
- To discover the workers needs for retaining and advanced training
- To unfold the exceptional skills among the employees based on their innate potentials
- To guide and monitor the performance of those who are lagging behind.

Method of Merit Rating:

Ranking method: In this method, all the staff of a particular cadre or a department are arranged either in the ascending or the descending order in order of merit or value to the firm. Though this is a simple method, it cannot be followed where the employees in the department are many in number.

Paired comparison method: Here, every employee is compared with all others in a particular cadre in the department. By comparing each pair of employees, the rater can decide which of the employees is more valuable to the organization.

Rating scale: Here, the factors dealing with the quantity and quality of work are listed and rated. A numeric value may be assigned to each factor and the factors could be weighed in the order of their relative importance. All the variables are measured against a three or five point scale.

Forced distribution method: Here, employees are given a set of alternatives and they have to choose one, which reflects their understanding of the true nature of the job. Their thinking is conditioned by the given set of answers.

Narrative or essay method: Here, the candidate is required to narrate in an essay format his/her strengths, weaknesses, and potential to perform. Here, the candidate is not restricted by any given set of alternatives. The candidate is free to decide what to furnish or what not to furnish.

Management by objectives (MPO): The short-term objectives mutually agreed upon by the management and the employees are used as performance standards. This method considers the actual performance as the basis for evaluation. It is a systematic method of goal setting. In addition, it provides for reviewing performance based on results rather than personality traits or characteristics. However, this is not practical at all levels and for all kinds of work in the organizations.

MARKETING MANAGEMENT

Marketing is a crucial function in any business or organisation, and is increasingly important in the modern globalized economy. Marketing is the action or business of promoting and selling products or services, including market research and advertising. Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably. An understanding of what customers need and value, is central to marketing. Learning your customers' needs and how you can add value through marketing activities paves the way for a successful business in the long term.

The activities of a company associated with buying and selling a product or service. It includes advertising, selling and delivering products to people. People who work in marketing departments of companies try to get the attention of target audiences by using slogans, packaging design, celebrity endorsements and general media exposure. The four 'Ps' of marketing are product, place, price and promotion.

Definitions:

"Marketing is the science of meeting the needs of a customer by providing valuable products to customers by utilizing the expertise of the organization, at same time, to achieve organizational goals". ---- American Marketing Association

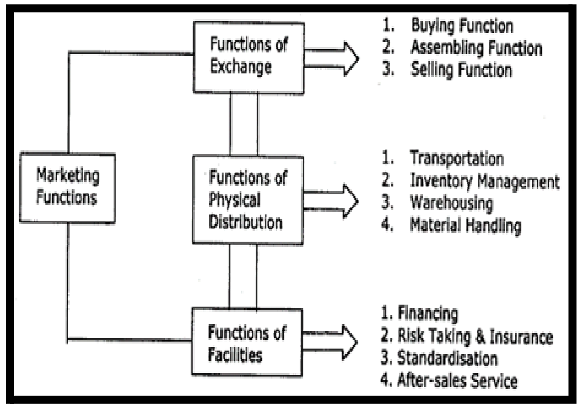
"**Marketing** is meeting the needs and wants of a consumer" -- **Andrew Cohen**

Importance of Marketing:

- Marketing process brings goods and services to satisfy the needs and wants of the people.
- It helps to bring new varieties and quality goods to consumers.
- By making goods available at all places, it brings equipment Distribution.
- Marketing converts latent demand into effective demand.
- It gives wide employment opportunities
- It creates time, place and possession utilities to the products.
- Efficient marketing results in lower cost of marketing and ultimately lower prices to consumers.
- It is vital link between production and consumption and primarily responsible to keep the wheel of production and consumption constantly moving.
- It creates to keep the standard of living of the society

Marketing Functions:

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



1. Selling:

It is core of marketing. It is concerned with the persuasion of prospective buyers to actually complete the purchase of an article. Setting pays an important part in realizing the ultimate aim of earning profit. Selling is enhanced by means of personal selling, advertising, publicity and sales promotion.

2. Buying

It involves what to buy, what quality, how much, from whom, when and at, what price. People in business buy to increase sales or to decrease costs. Purchasing agents are much influenced by quality, service and price. The products that the retailers buy for resale are determined by the need and preferences of their customers.

3. Transportation

Transport is the physical means whereby goods are moved from the places where they are produced to those they are needed for consumption. Transportation is essential from the procurement of raw materials to the delivery of finished products to the customers places. Marketing relies mainly on railroads, tracks, waterways, pipelines and air transport. The type of transportation is chosen on several consideration such as suitability, speed and cost.

4. Storage

It involves the holding of goods in proper condition from the time they are produced until they are needed by consumers (in case of finished products) or by the production department (in case of raw materials and stores). Storing protects the goods from deterioration and helps in carrying over surplus for feature consumption or use in production. Goods may be stored in various warehouses situated at different places. Storing assumes greater importance when production is seasonal or consumption may be seasonal. Retail firms are called “stores”.

5. Standardization and Grading

The other activities that facilitate marketing are standardization and grading. Standardization means establishment of certain standards or specifications for products based on intrinsic physical qualities of any commodity. This may involved quantity (weight or size) or it may involve quality (colour, shape, appearance, material, taste, sweetness etc). Government may also set some standards e.g., in case of agricultural products. A standard conveys a uniformity of the products.

“Grading means classification of standardized products into certain well-defined classes or groups.” It involves the division of products into clauses made up of unit processing similar characteristics of size and quality. Grading is very important for “raw material” (such as fruits and cerials), mining products” (such as coal, iron-ore and mangenese) and “forest products” (such as timber). Branded consumer products may bear grade levels, – A B C.

6. Financing

It involves the use of capital to meet financial requirements of the agencies dealing with various activities of marketing. The services of providing the credit and money needed to meet the cost of getting merchandise into the hands of the final user is commonly referred to as finance, function in marketing. In marketing, finances are needed for working capital and fixed capital, which may be secured from three sources – onward capital, bank loans and advances, and trade credit (provided by the manufactures to wholesaler and by the wholesaler to the retailers).

7. Risk Taking

Risk means lose due to some unforeseen circumstances in future. Risk-bearing in marketing refers to the financial risk inherent in the ownership of goods held for an anticipated demand, including the possible losses due to a fall in price and the losses from spoilage, depreciation, obsolescence, fire and floods or any other loss that may occur with the passage of time. From production of goods to its selling stage, many risks are involved due to changes in marker conditions, natural causes and human factors. Changes in fashions or interventions also cause risks. Legislative measures of the government may also cause risks.

8. Market Information

The only sound foundation, on which marketing decisions may be based, is correct and timely market information. Right facts and information reduce the aforesaid risks and thereby result in cost reduction. Business firms collect, analyze and interpret facts and information from internal sources, such as records, sales people and findings of the market research department. They also seek facts and information from external sources, such as business publications, government reports and commercial research firms. Retailers need to know about sources of supply and also about customers buying motives and buying habits. Manufacturers need to know about retailers and about advertising media. Firms in both these groups need information about competitors activities and about their markets. Even ultimate consumers need market information about availability of products, their quality standards, their prices, and also about the after-sale service facility Common sources for consumers are sales people, media advertisements, colleagues etc.

It may be noted that in addition to the mentioned jobs, the marketing manager is also involved in product planning, pricing of products, selection of distribution channels, framing of marketing objectives, environmental scanning, target market selection, market programming and developing marketing strategy.

Marketing Mix (4 P’S of Marketing)

Marketers use different tools in order to get the desired response from the customers or best satisfy their needs. These tools are known as The Marketing Mix. Marketing Mix is probably the most famous term in marketing.Marketing Mix is a combination of marketing tools that a company uses to satisfy their target customers and achieving organizational goals. McCarthy classified all these marketing tools under four broad categories:

- Product
- Price
- Place
- Promotion

These four elements are the basic components of a marketing plan and are collectively called 4 P's of marketing. 4 P's pertain more to physical products than services. Below is an illustration for marketing mix.The important thing to note is that all these four P's (variable) are controllable, subject to internal and external constraints of marketing environment. Marketers, using different blends of these variables, can target different group of customers having different needs. So, a customer may call marketing mix "the offering".

Product

Product is the actual offering by the company to its targeted customers which also includes value added stuff. Product may be tangible (goods) or intangible (services).

While formulating the marketing strategy, product decisions include:

- What to offer?
- Brand name
- Packaging
- Quality
- Appearance
- Functionality
- Accessories
- Installation
- After sale services
- Warranty

Price

Price includes the pricing strategy of the company for its products. How much customer should pay for a product? Pricing strategy not only related to the profit margins but also helps in finding target customers. Pricing decision also influence the choice of marketing channels. Price decisions include:

- Pricing Strategy (Penetration, Skim, etc)
- List Price
- payment period
- Discounts
- Financing
- Credit terms

Using price as a weapon for rivals is as old as mankind. but it's risky too. Consumers are often sensitive for price, discounts and additional offers. Another aspect of pricing is that expensive products are considered of good quality.

Place (Placement)

It not only includes the place where the product is placed, all those activities performed by the company to ensure the availability of the product tot he targeted customers. Availability of the product at the right place, at the right time and in the right quantity is crucial in placement decisions.

Placement decisions include:

- Placement
- Distribution channels
- Logistics
- Inventory
- Order processing
- Market coverage
- selection of channel members

Promotion

Promotion includes all communication and selling activities to pursuade future prospects to buy the product. Promotion decisions include:

- Advertising
- Media Types
- Message
- Budgets
- Sales promotion
- Personal selling
- Public relations
- Direct marketing

As these costs are huge as compared to product price, So it's good to perform a break-even analysis before allocating the budget. It helps in determining whether the new customers are worth of promotion cost or not.

It often takes time and requires market research to develop a successful marketing mix. You should not depend on one mix always try new mixes. While designing the mix, make changes to all mixes in such a way that all conveys the same message. Don't confuse your customers by just changing one variable and keeping the rest same.

Limitation of Marketing Mix

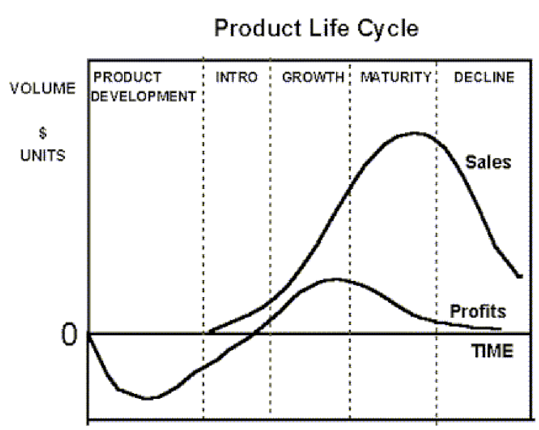
Marketing mix (4 P's) was more useful in early 19′s when production concept ws in and physical products were in larger proportion. Today, with latest marketing concepts, marketing environment has become more intergrated. So, in order to extend the usefulness of marketing mix, some authors introduced a fifth P and then seven P's (People, Packaging, Process). But the foundation of Marketing Mix still stands on the basic 4P's.

PLC (Product Life Cycle)

All products and services have certain life cycles. The life cycle refers to the period from the product's first launch into the market until its final withdrawal and it is split up in phases. During this period significant changes are made in the way that the product is behaving into the market i.e. its reflection in respect of sales to the company that introduced it into the market. Since an increase in profits is the major goal of a company that introduces a product into a market, the product's life cycle management is very important. Some companies use strategic planning and others follow the basic rules of the different life cycle phase that are analyzed later.

The understanding of a product's life cycle, can help a company to understand and realize when it is time to introduce and withdraw a product from a market, its position in the market compared to competitors, and the product's success or failure. For a company to fully understand the above and successfully manage a product's life cycle, needs to develop strategies and methodologies, some of which are discussed later on.

The product's life cycle - period usually consists of five major steps or phases: Product development, Product introduction, Product growth, Product maturity and finally Product decline. These phases exist and are applicable to all products or services from a certain make of automobile to a multimillion-dollar lithography tool to a one-cent capacitor. These phases can be split up into smaller ones depending on the product and must be considered when a new product is to be introduced into a market since they dictate the product's sales performance.



1. PRODUCT DEVELOPMENT PHASE

Product development phase begins when a company finds and develops a new product idea. This involves translating various pieces of information and incorporating them into a new product. A product is usually undergoing several changes involving a lot of money and time during development, before it is exposed to target customers via test markets. Those products that survive the test market are then introduced into a real marketplace and the introduction phase of the product begins. During the product development phase, sales are zero and revenues are negative. It is the time of spending with absolute no return.

2. INTRODUCTION PHASE

The introduction phase of a product includes the product launch with its requirements to getting it launch in such a way so that it will have maximum impact at the moment of sale. A good example of such a launch is the launch of “Windows XP” by Microsoft Corporation. This period can be described as a money sinkhole compared to the maturity phase of a product. Large expenditure on promotion and advertising is common, and quick but costly service requirements are introduced. A company must be prepared to spent a lot of money and get only a small proportion of that back. In this phase distribution arrangements are introduced. Having the product in every counter is very important and is regarded as an impossible challenge. Some companies avoid this stress by hiring external contractors or outsourcing the entire distribution arrangement. This has the benefit of testing an important marketing tool such as outsourcing. Pricing is something else for a company to consider during this phase. Product pricing usually follows one or two well structured strategies. Early customers will pay a lot for something new and this will help a bit to minimize that sinkhole that was mentioned earlier. Later the pricing policy should be more aggressive so that the product can become competitive. Another strategy is that of a pre-set price believed to be the right one to maximize sales. This however demands a very good knowledge of the market and of what a customer is willing to pay for a newly introduced product.

A successful product introduction phase may also result from actions taken by the company prior to the introduction of the product to the market. These actions are included in the formulation of the marketing strategy. This is accomplished during product development by the use of market research. Customer requirements on design, pricing, servicing and packaging are invaluable to the formation of a product design. A customer can tell a company what features of the product are appealing and what are the characteristics that should not appear on the product. He will describe the ways of how the product will become handy and useful. So in this way a company will know before its product is introduced to a market what to expect from the customers and competitors. A marketing mix may also help in terms of defining the targeted audience during promotion and advertising of the product in the introduction phase.

3. GROWTH PHASE

The growth phase offers the satisfaction of seeing the product take-off in the marketplace. This is the appropriate timing to focus on increasing the market share. If the product has been introduced first into the market, (introduction into a “virgin”[1] market or into an existing market) then it is in a position to gain market share relatively easily. A new growing market alerts the competition’s attention. The company must show all the products offerings and try to differentiate them from the competitors ones. A frequent modification process of the product is an effective policy to discourage competitors from gaining market share by copying or offering similar products. Other barriers are licenses and copyrights, product complexity and low availability of product components. Promotion and advertising continues, but not in the extent that was in the introductory phase and it is oriented to the task of market leadership and not in raising product awareness. A good practice is the use of external promotional contractors. This period is the time to develop efficiencies and improve product availability and service. Cost efficiency and time-to-market and pricing and discount policy are major factors in gaining customer confidence. Good coverage in all marketplaces is worthwhile goal throughout the growth phase.

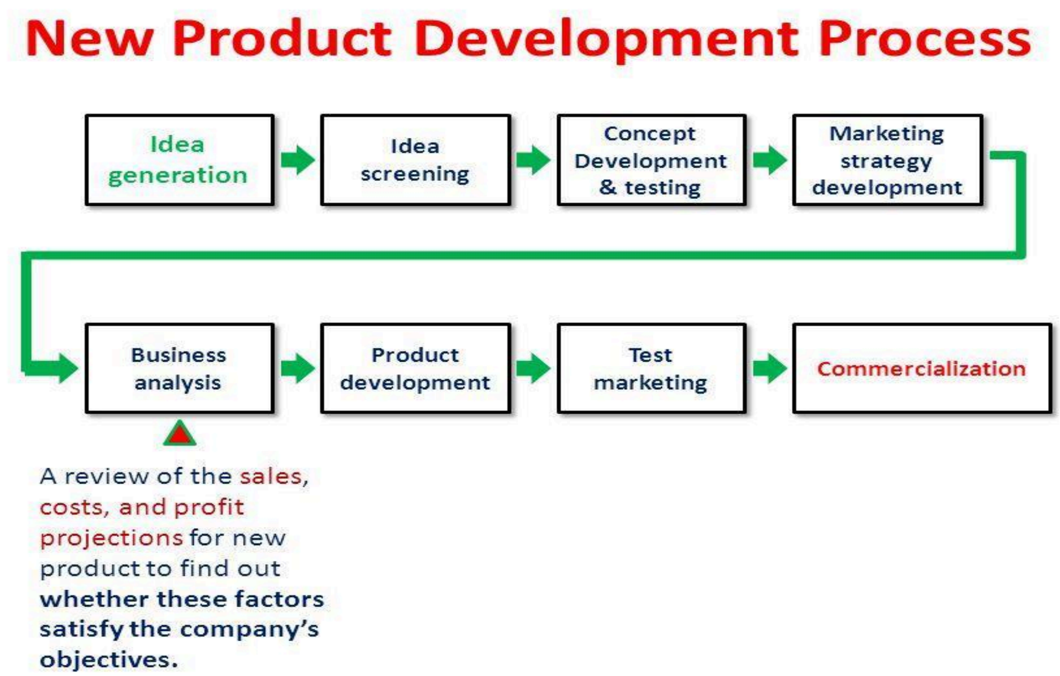
4. MATURITY PHASE

When the market becomes saturated with variations of the basic product, and all competitors are represented in terms of an alternative product, the maturity phase arrives. In this phase market share growth is at the expense of someone else's business, rather than the growth of the market itself. This period is the period of the highest returns from the product. A company that has achieved its market share goal enjoys the most profitable period, while a company that falls behind its market share goal, must reconsider its marketing positioning into the marketplace. During this period new brands are introduced even when they compete with the company's existing product and model changes are more frequent (product, brand, model). This is the time to extend the product's life. Pricing and discount policies are often changed in relation to the competition policies i.e. pricing moves up and down accordingly with the competitor's one and sales and coupons are introduced in the case of consumer products. Promotion and advertising relocates from the scope of getting new customers, to the scope of product differentiation in terms of quality and reliability.

5. **DECLINE PHASE**

The decision for withdrawing a product seems to be a complex task and there a lot of issues to be resolved before with decide to move it out of the market. Dilemmas such as maintenance, spare part availability, service competitions reaction in filling the market gap are some issues that increase the complexity of the decision process to withdraw a product from the market. Often companies retain a high price policy for the declining products that increase the profit margin and gradually discourage the "few" loyal remaining customers from buying it. Such an example is telegraph submission over facsimile or email. Dr. M. Avlonitis from the Economic University of Athens has developed a methodology, rather complex one that takes under consideration all the attributes and the subsequences of product withdrawal process.

New Product Development



Services Marketing

- P. Kotler suggested that "*service is an activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product*".
- There are four characteristics of service: Intangibility, Inseparability, Variability, and Perishability