



2 The factors that satisfy the consumer

Introduction

The effort of every man in the world is to living. Day-to-day living means the activities which are under taken by individuals to fulfil their needs and wants. Goods and services are consumed for the fulfillment of needs and wants. As we consume goods and services provided, all of us are consumers. The goods and services for consumption are obtained from the market. Entrepreneur always tries to present new things to the market by taking risks and identifying the needs and wants of the consumer. He always tries to produce and present goods and services to the customers by considering the changes of consumer's behavioural patterns on different needs. The role of an entrepreneur is to understand about the market by identifying the facts which cause to change the behaviour of the consumer. Through that understanding the entrepreneur can find solutions to the problems, such as what is to be produced to fulfil the needs of the consumer, how to price the product, how to deliver it to the consumer, how to promote the produce and so on. From this information it reveals that all the work done by the entrepreneur is based on consumer. The aim of this chapter is to show the way to get a clear understanding about that.



The factors that affect the behaviour of the consumer

Every one in the world consumes goods and services from birth to death. Some of these goods and services are available free of charge and others have to be bought from the market.

Who is the consumer?

A person who purchases or takes for rent certain goods or services and consumes them is known as a consumer.



Diagram 2.1

Goods and services which are needed by the consumers are supplied to the market by the producers. It is very important to be vigilant very often about the changes on behaviour of the consumers in order to improve their entrepreneurship. The consumer will not buy the goods or services as soon as he goes to the market. He studies the market. That is a process. The process of purchasing by a consumer is shown in the diagram2.2

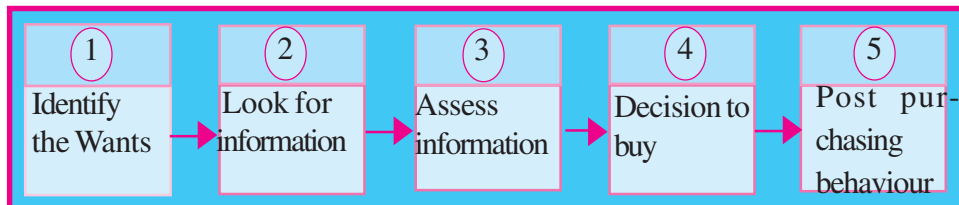


Diagram 2.2

1. Identifying the wants.

By inquiring his own wants the consumer would be very inquisitive about the different ways to fulfil his wants.

2. Look for information

Investigating the relevant facts about the selected wants of the consumer.

3. Assess information

By considering the information taken from different parties and analyzing their good and bad effects.

P

4. Decision to purchase

Decision to purchase the selected goods or services by paying money to fulfil the needs is meant by this.

5. Post purchasing behaviour

After purchasing the goods the consumer uses them. When he does so, he pays his attention to the conditions (whether it is satisfactory or not) of the goods. That is called the post purchasing behaviours.

The consumer behaviour will change in different ways in the process mentioned above. Such behaviours of the consumers change due to cultural factors, social factors, personal factors and psychological factors. There are many sub factors which are included in those factors. They are mentioned in the diagram 2.3

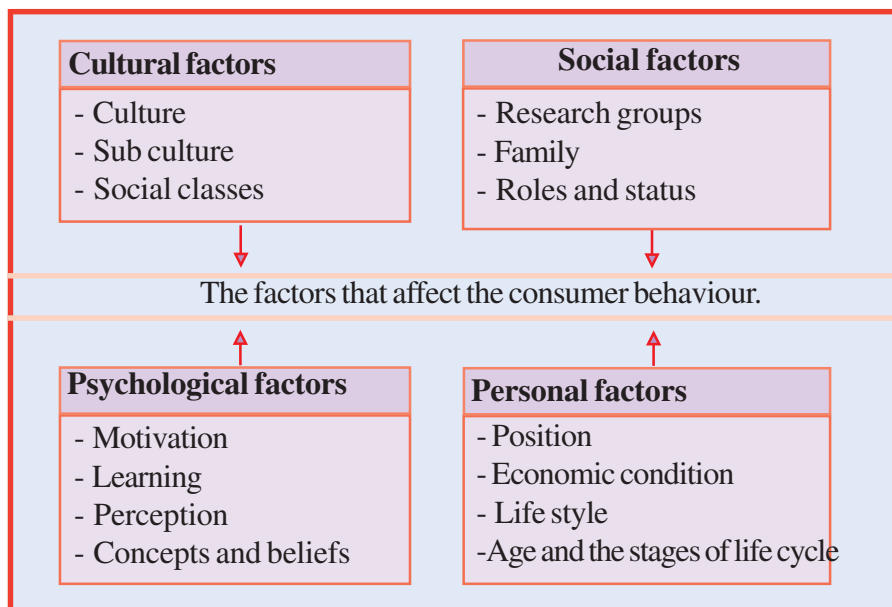


Diagram 2.3

When deciding the price of goods, preference, social status, price of other goods and the increase of income are affecting. Let's consider those factors next.

Price

Any consumer obtains goods and services from the market by paying money. The price of goods is the main factor which decides the quantity. The prices of the goods and services are fluctuating. It affects the behaviour of the consumer. If the price of the

Price Index		
		Rs.
rice	1 kg	70.00
dhal	1 kg	205.00
flour	1 kg	50.00
poteto	1 kg	80.00
sugar	kg	85.00

Diagram 2.4

goods increase the demand will fall, because the price is the main factor. It is clear that the behaviour of the consumer is affected by the price of the goods.

What is the price?

The monetary value which is charged for goods or services is called “price”

Taste

Taste is another factor that affects the consumer behaviour. The fondness to consume goods and services is called taste. Taste is created in the consumer mind. The taste to a product is different from one consumer to another consumer. Taste is changing under the factors, such as gender, wants and the stage of life. Although the taste is created in the minds of the consumer, external influences may affect to change it. For an example, advertising through mass media may change the consumer's behaviour.

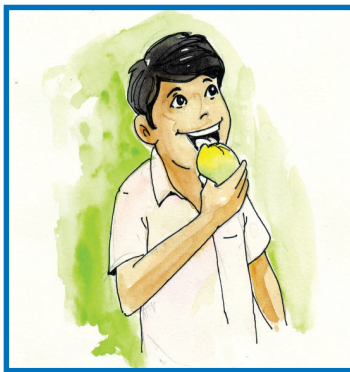


Diagram 2.5

Identify the taste

Preference to one item of good or a service

Social status.

The behaviour of the consumers in the market changes according to their social status. The recognition of the consumers in the society is known as his social status. It is decided by the family background, profession, social relationship, ownership of property and social class. If the consumer thinks that he belongs to the higher status, his behaviour is different from the other consumers.

What is social status?

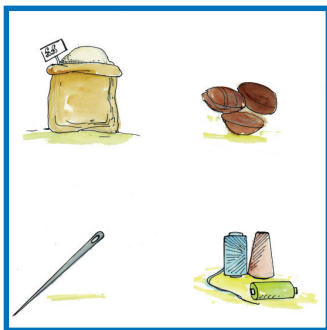
The degree of recognition in the society to a person



Diagram 2.6

The price of other goods

The price of the other goods is another factor that affects the consumer demand for a good. When a consumer examines various goods before deciding to purchase a particular product, they are called other goods. The prices of them are affecting the price of a specific good. These goods can be categorized as substitutes and complementary goods.



Let's identify the other goods

The group of products, except the item of goods or services which the consumer considers to buy from the market is called other goods.

The goods or service which can provide an equal satisfaction for a certain good or service is known as substitutes. For an instance we can use jaggery as a substitute for sugar and margarine for butter.

Diagram 2.7

There are some goods which cannot be used alone: some other goods have to be used along with them. They are called complementary goods thread for the needles and batteries for electric torches are some examples for complementary goods.

Income

This is an important factor that decides the consumer behaviour. The consumer gets an income by providing their own resources (production factors) to the producer. Land, labour, the capital, and entrepreneurship are production factors. The return or the incomes for these factors are rent salaries, interest and profit. The income varies



according to the ownership of those factors. Purchasing power (buying power) of the consumers depends on their income.

What is an income?

The whole financial value earned by providing factors or services.

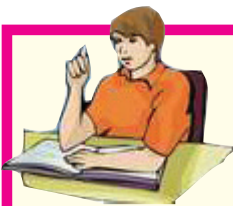
Promotional activities

The activities of the traders which compel or persuade the consumer to buy the product is known as promotional activities. The techniques of promotion are holding sales, organizing competitions, giving attractive discounts and providing samples of goods free of charge. Consumer behaviour is changing on his attachment to the techniques of promoting.



Let's identify the promotion

The number of activities that are carried out by the businesses to compel the consumer to buy their products



Exercise 01

Pay your attention to goods or services, which you expect to fulfil your wants from them.

- 1 What are the goods or services?
- 2 What are the factors that you consider when you buy the goods or services.

Targeting consumers.

Various factors affect the behaviour of consumers. When these factors are changed the behaviour of consumers are also changed. So, an entrepreneur should investigate those changes consumer behaviours as well. It is important for an entrepreneur to study the consumer behaviour as the consumer needs vary in the changing economic environment. It is not possible to provide the goods and the services which are based on all the needs and wants of the consumers.

So the entrepreneur must present his products to selected groups of consumer. Therefore, it is essential to select a target group from the consumers in the market who have different behaviours.

Then the entrepreneur can strengthen the market through entrepreneurial activities for the group of consumers targeted by him.

Target market is shown in the diagram 2.10

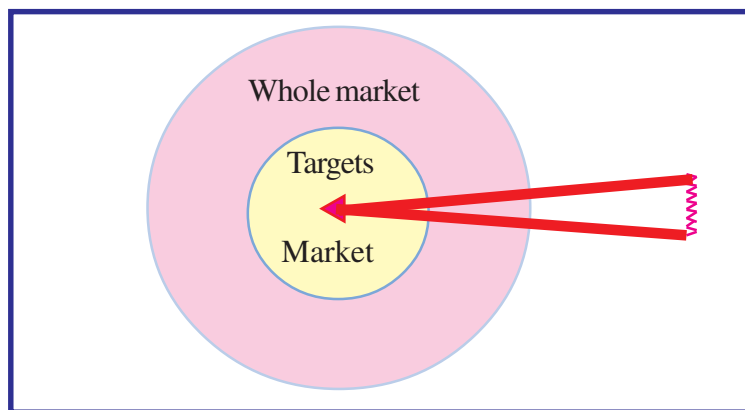


Diagram 2.10

There are several advantages that can be acquired to the business through selecting a target group of consumers. Some of them are easy to pay attention to frequent changes of selected groups of consumers, easy to make the product retain in the market, capability to make stability in the market for a long time, capability of introducing product to the market easily and provide the market leadership to the product easily.

It is not an easy task for the entrepreneur to select a target group of consumers. For that, businessmen use different methods. The market surveys are prominent Among them.



Selecting a group of common characteristics from the groups of customers who have a variety of characteristics to present one's products is called 'targetting customers'

The market survey

The activity of acquiring information about the market is called the market Survey. Methods such as observations, questionnaires are used for surveying the market. From them using questionnaires is the most common tool to collect market information. Customer behavior is identified by analysing the collected information through questionnaires.



Collecting information about customers' behavior on a certain product by using different methods is called the market survey.

Planning of survey the market

Institutions organize surveys in different ways. Surveys are conducted through written records, private meetings, telephone conversations and electronic mail. Here, a questionnaire is submitted to the customer. There are many factors to be considered when preparing the questionnaire and other related activities. Presenting questions relevant to the aim, considering the information at providers' convenience, Avoiding irrelevant questions, trying to get accurate information, making questions to obtain definite answers, convenience in understanding, giving sufficient time to provide answers are some of the important factors that should be considered when preparing a questionnaire.

Market segmentation

Consumers behave in different ways in the market. Even within the same group of consumers there are differences in needs and wants, resources, attitudes, buying power and habits of buying. Therefore, practically it is not possible to fulfil all these wants of those different consumers. As a remedy it is profitable for the entrepreneur to identify the needs of a selected group from the market and identify their needs.



Segregate the market based on similar characteristics means segmentation of market.

Consumers' needs can be fulfilled very well by segmenting a big market in to small parts. The aims of the businesses can also be fulfilled. Different basis can be used for segmentation of the market.

The basis of segmentation of the market.

Segmentation of market can be done by using geographical factors, factors based on demography and behavioural factors of the consumers.

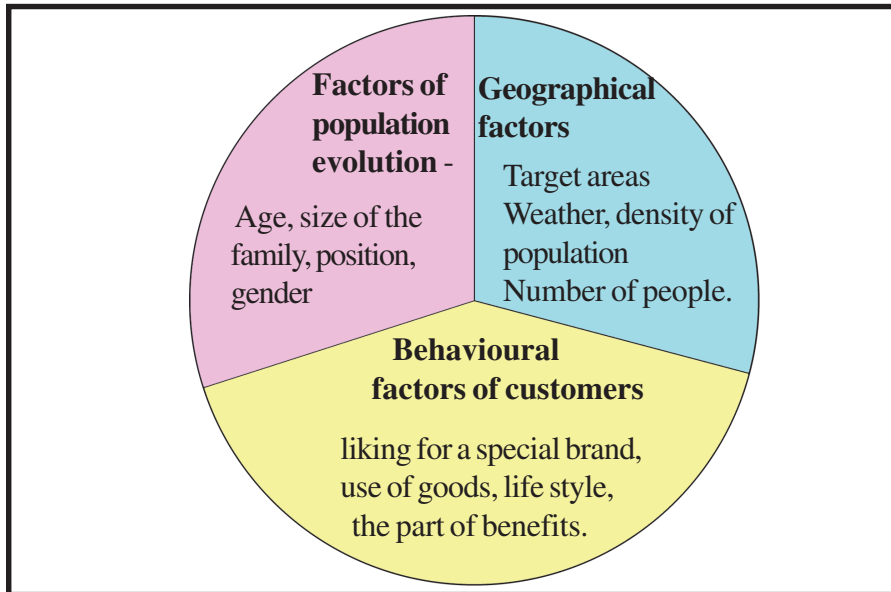


Diagram 2.11

Diagram 2.11 shows how those factors comprise these basis



Exercise 02

Imagine that your friend Prasanna has started and carries out a business of manufacturing shoes.

What are the methods that Prasanna can use to segregate the market?

What are the conditions he should have considered in doing so?

Target market

Selecting a specific group of consumers from a selected group after analyzing further is called target market. By selecting the most productive or appropriate group of consumers the businessman gets an opportunity to present his product to them. Thus, the businessman will easily get an opportunity to develop his target market too.

The benefits of target marketing

An entrepreneur will get several benefits from a target market. Some of them are the ability to reduce the competition of the market, creating a group of consumers attached to the brand, building up a good relationship between the customer and the business and paying regular attention to the segment of the market of the businessmen.



Exercise 03

Name the target groups for products mentioned below.

- 1 Educational services
- 2 Ladies' garments

Shortages in the market

The situation where there is no sufficient supply for the existing demand in the market is known as market shortage. It is easy to supply the goods and services when there is a market shortage. Out of that situation, the entrepreneur will be able to find new opportunities to develop his entrepreneurship. Expansion of market segment, increase of business turn over, opportunity to introduce new goods and services to the market, increase of income and develop the image of the businessman are some of the benefits which an entrepreneur can gain by filling the market shortage. Through that, entering the market is possible without a competition and with low risk.



Exercise 04

"Substitute goods are introduced because of the shortage in the market."

Do you agree with this statement ? give reasons

The product

Needs and wants of the people are fulfilled by goods and services. The consumer satisfies them in different ways. All the things which cater to fulfil the needs and wants of the consumers are called products. They are generally classified as goods and services. Not only the goods and services but also ideas, events, places, persons, organizations and experiences are also identified as product.



A product can be defined as a thing that is presented to the market either for attention, consumption or usage to fulfil human needs and wants.

In that background the word "product" has a wide meaning. In the modern society, consumers fulfil their needs and wants mainly from the market.



Activity 01

Chintaka is a clever boy like you, who is wondering in search of new knowledge from his childhood.

He has decided to go to a counselling institute of technology and to the Bank of Ceylon to get other financial and technical assistance needed after experimenting the technology of manufacturing a brick making machine at low cost.

What are the items that you identify as products, mentioned in the above paragraph.

Stages of products

Every entrepreneur presents his product to the consumer by improving that product at several stages. This is a process which is done by the entrepreneur continuously. The product follows several stages. Those stages are given below.

Core product

The stage that provides basic benefits is known as core product. Cleaning the clothes is the basic benefit of a cake of washing soap. In a perfume the benefit must be its fragrance.

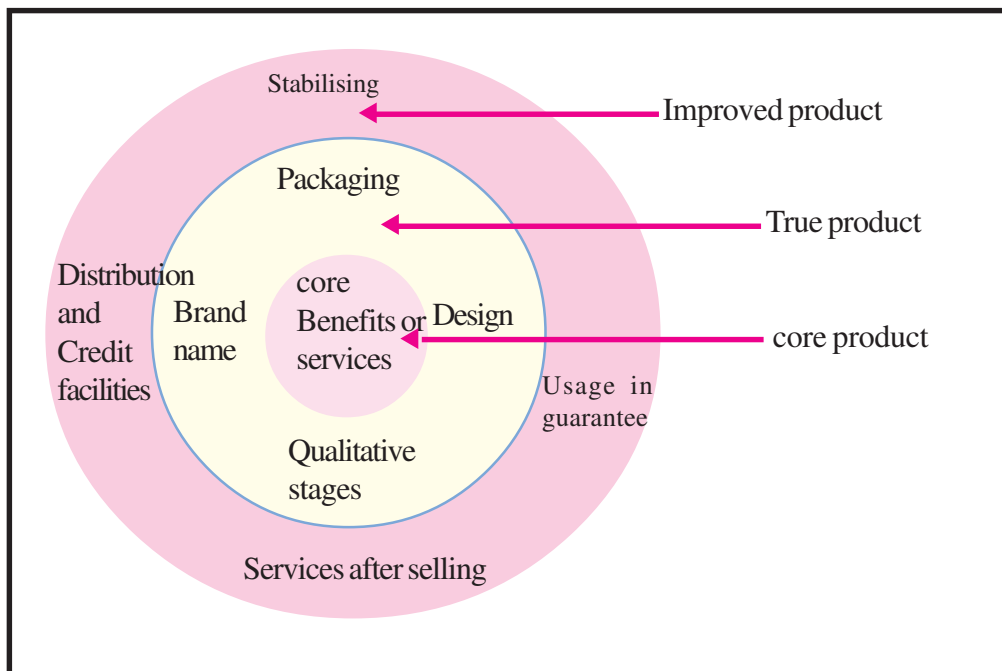
True product

The product which is developed further by adding new qualities to the core product is known as true product. In this stage, the shape of the product, colour, design, brand name, packing, quality are considered. Presenting a cake of washing soap with a beautiful wrapper, and presenting different kinds of perfumes in small containers, can be taken as examples of true products.

Improved products

Improved product is something which is produced after presenting the true product, by adding extra qualities for customers' further satisfaction. Make cloth fragrant by adding deodorant / perfumes to the washing soap. Introducing perfumes which can be sprayed are some of the examples to the improved product.

The product stages of core, true, and improved are shown in the Diagram 2.12



Size

Size means the volume of each unit of the product. Changes of behavioral patterns of the customers, development of trade competition and availability of substitute goods in market are the factors that an entrepreneur should consider. Cool drinks in small and big bottles, and producing packets of toothpaste in various sizes can be taken as instances.

Through the size of a product the demand and the attraction can be increased.

The entrepreneur must protect the stability of the market by changing the size of the product by studying the changes of the needs of the customers.

Quality

Introducing a product containing all aspects acceptable to the consumer is known as quality. The quality of the product is influenced directly by the acceptance of the consumer. Quality can be used as an instrument to build a leadership of the product in the market.

The space between rules, the smoothness of the paper for writing, free from blotting in an exercise book can be shown as example of quality.



durability of a product, trustworthiness accuracy and the performance of work are some of qualities of a product.

The trade mark and the brand

Frequently a product is demanded by its brand name. Because of that the entrepreneurs always try to give a good brand name to their product. The symbols which are used to introduce goods is called a trademark. Both brand and the trade mark are identified in the same manner in many occasions. But the name which can be pronounced easily is the most important feature of a brand.

It gives an identity to the product.



"Brand" can be defined as a name, term, design, symbol or a collection of them to show the uniqueness of one's product from the other competitors' products.

Selecting a Brand

The entrepreneur considers many facts when selecting a brand. The natures of the product, target market, the nature of the customers are some of the examples. There are several features, in a good brand; some features of a brand are the quality of the good, and presenting their advantages, capability to pronounce easily, attractiveness, simplicity and easy to remember, ability to register and get protection from law are some of features of a good brand.



Exercise 05

Write 10 brands of cool drinks which you like to drink.

Packaging

At present many businessmen introduce products to the market with packaging. It may be a container or a wrapper. The packing is done very creatively to get the attraction of the consumer. Packing of goods is very complicated because of the technological development. Therefore packing has become an important marketing instrument. The advantages of packing are as follows. Provide information about goods, easy to choose goods, ability to present goods conveniently, presenting in an easy way. At present the entrepreneurs use equipments such as small containers, bottles and so on for packing.



Exercise 06

Collect 10 different kinds of packings of the goods you use.

Other qualities

Many different services and facilities which are provided by the entrepreneur to attract and compel the customer to buy his own product is known as other qualities. The businessmen always try to improve the attachment of the consumers within the competitive market. For that it can be seen that different kinds of facilities regarding the relevant product is offered to the consumers. As examples, giving helmets and rain coats free of charge when buying a motor bike, arranging facilities such as leasing facilities and other facilities for paying when buying a machine. Many entrepreneurs supply relevant after sales services for the product also. These services are relevant to a limited period of time. If not sometimes it operates throughout the life time of the product. Business community takes these actions to get the partiality of the consumer to their products.

Price

The monetary value charged for goods or services is called price. The primitive man fulfilled wants and needs himself. But now, those are fulfilled by purchasing goods and services from the market. When buying goods or services from the market a certain price has to be paid because resources have been used to produce those products.

For that the entrepreneurs have to buy relevant resources from the owners of the resources. For that a payment must be paid to them.

The resources which are obtained (factor of producing) and the payments for them are shown in the diagram 2.13

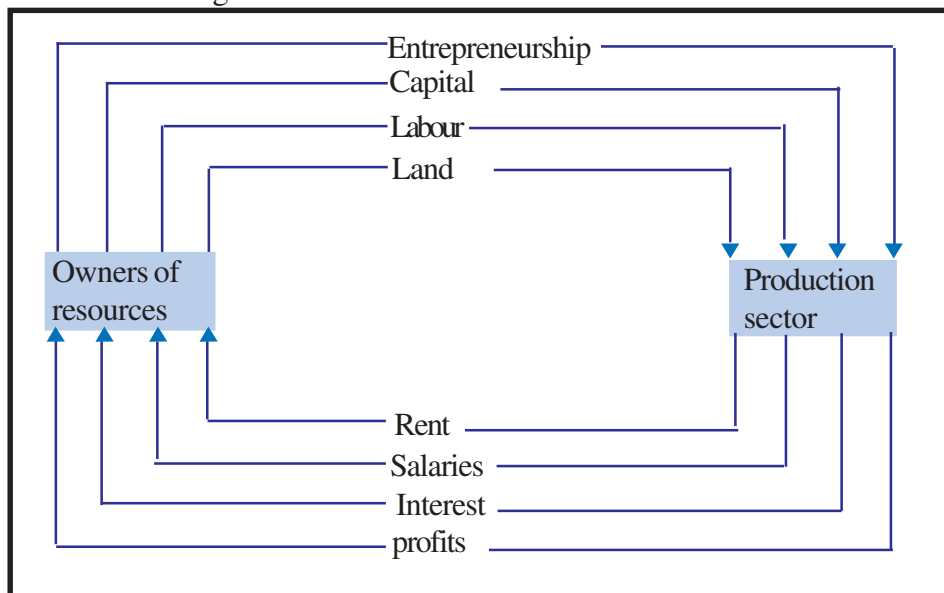


Diagram 2.13

Factors considered in pricing

The seller and the consumer take different decisions by considering the prices of the goods. When the price falls the demand for goods will increase when the price goes up demand for goods would falls. Then suppliers take action to provide more at a high price and less at a low price.

Because the price of a product is an important factor, there are some factors to be considered when deciding the price. The nature of the product, competition cost of producing, demand for the production in the market, aims of the institute state price policy, marketing aims the price of other goods and other environmental factors are some factors to be considered.

The facts that affect pricing of goods can be categorized as external and internal factors.

That is shown in the diagram 2.14

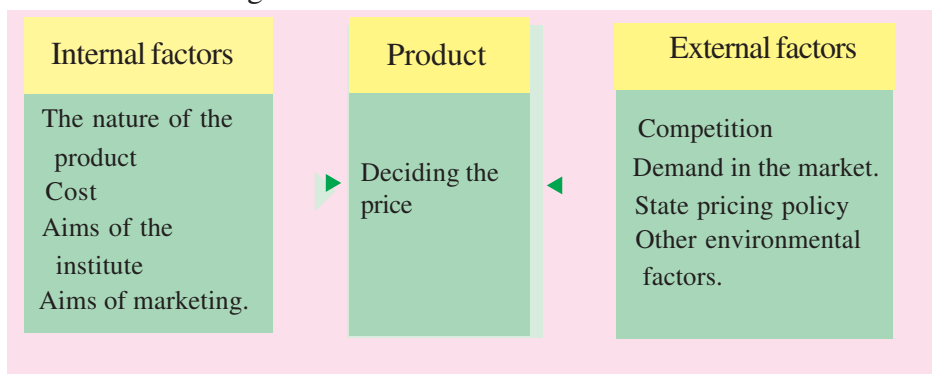


Diagram 2.14

The internal factors are identified as the relevant factors which are available with in the business to decide the price of the production. The factors that affect to decide the production price from outside are known as external factors.

The objective of pricing

The main task of deciding the price is vested with the producers. It is important to decide the objectives which are to be fulfilled when deciding a price to a product. So many businessmen apply many strategies of pricing. When pricing a product a business have many aims to consider. Those aims are given below.

1. Retain in the market

The pricing is done to retain in the market by controlling the effects of other competitive goods. Based on the determination of retaining in the market many enterprises use advertisements to fulfill that aim.

2. Maximize the profit

The difference between the price and the cost of goods is profit. Because the venture is an economic unit, the profit is very important to maintain it. All businessmen are trying to obtain maximum profit by satisfying the needs and wants, to the maximum.

3. Leadership in the market

Performing activities as the leader of the product in the market is called the leadership in the market.

Every entrepreneur always tries to get a good market to his own product. For that a suitable price is decided.

4. Leadership of the quality of the product

This is to capture the market leadership in quality of the product by improving the quality of his product when compared with the competitor's goods. Some consumers pay great attention to the quality of the good.

In addition to the above objectives there are some other factors to be considered when pricing a product. Maximising the income, covering the production cost and increasing sales are some of them.

Methods of pricing

There are several factors to be considered by the businessman when selecting a suitable method of pricing to his product.

An institution can use different methods of pricing, as shown in the diagram 2.15

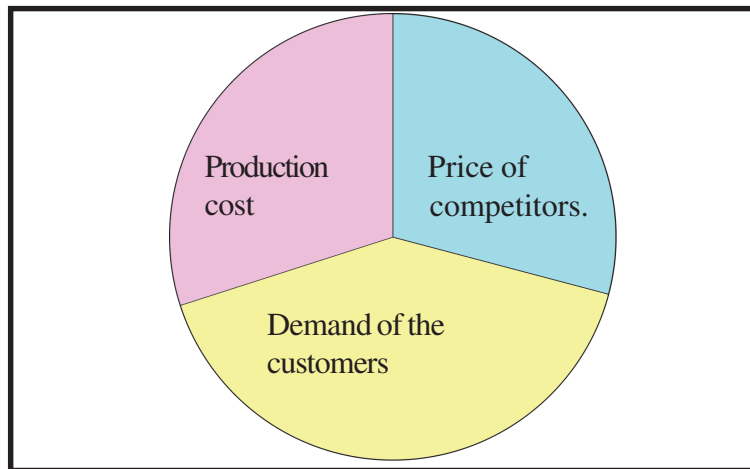


Diagram 2.15

Method of marked prices

Price is decided by adding a standard profit percentage to the production cost.

Method of pricing on expected value

Pricing one's product based on the value that the consumer expects from the product.

Prevailing method of pricing

Deciding the price of their own goods on the price of the available goods at the present competitive market is called prevailing method of pricing.

Channels of distribution

Every entrepreneur is taking different approaches to pass their goods to the consumers all the businessmen from small scale businessmen to large scale businessmen use different ways of distributing goods. Very often small scale businessmen distribute their products by themselves. The large scale businessmen use the services of middlemen to distribute their goods. By taking the services of those middlemen the business community tries to provide correct goods to the customer at the correct time, and to the correct place. The diagram 2.16 shows several basic channels of distribution.



The process of providing goods and services to the consumers is distribution of goods.

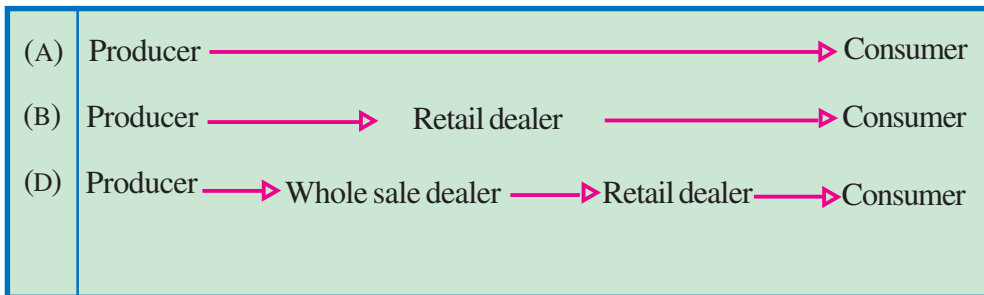


Diagram 2.16

Direct method

Providing goods and services directly from manufacturer to the consumer without getting the help of the middleman is the direct method.

In the diagram 2.16 (A) denotes the direct method. By studying it you can see that not only machines, navigating vessels, and other big or expensive equipments, but the food and drinks which are needed in the day-to-day life also are distributed under this direct method.

Taking green leaves to sell which are grown in the home gardens to the fair and selling the cow's milk from house to house are also simple examples for the direct method.

With the development of the technology in communication it can be seen a number of direct distribution techniques have emerged.

Order goods by post, selling through telephone and web are examples for the techniques. In addition door to door selling is also a method of direct distribution method.

Indirect Method

Distributing goods through different middlemen or brokers is called the indirect method. Here the service of one or several middlemen is taken from the manufactures to deliver goods to the consumers. All the methods of distributing except Method (A) shown in the above to 2.16 diagram are examples of indirect method.

1. Producer → retail dealer → Consumer
3. Producer → Whole sale dealer → retail dealer → Consumer

If the middlemen are joining to the distribution the channels of distribution extends and the cost of delivery also goes up. So, there are plenty of middlemen who are involved in the task of distributing goods.



Note
It is important to get an understanding of consumer goods and industrial goods from your teacher.

Retailer

Retailer sells small quantities of goods needed by the consumers for their day-to-day life. When distributing goods; he is a very active person. The retailer builds up direct connections with the consumers. Therefore, the retailer has a very good understanding about the needs and wants of the consumers.

Selling goods by identifying consumers' needs, introducing new products to consumers, providing goods on credit for certain consumers and giving advice about goods are number of activities of a retail dealer.

Wholesaler

A person who is involved in the task of distributing goods to the required party, by collecting goods on mass scale is a whole saler. Many duties are fulfilled by the wholesaler such as storing goods in large scale stocks, selling goods in bulk, giving necessary advice and specialized knowledge to the relevant parties, advertising goods, delivering and providing goods on credit basis.

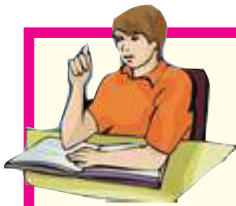
Wholesaler dealers can be divided into two categories on the basis of the practical activities, which are given below.

Merchant wholesaler

Involving in wholesale business by keeping the ownership of goods with him (by purchasing goods the ownership of the stocks belongs to him)

Wholesale Agents

Involving in wholesale business, not retaining the ownership of the goods with him (The ownership of the stocks is not with him because he is not buying the stocks)



Exercises 07

Write three types of differences between the wholesaler and the retailer.

Agents

Many businessmen use the services of the agents to distribute the goods and services. The agents render a service to the principal. The principal should give the authority to the agent to obtain his services. There are many kinds of agents.



An agent is a person who represents a principal or act on behalf of the principal.

Commission Agent

By involving selling activities of goods and services for a principal, and obtaining money as a commission in accordance with a percentage which was decided earlier is known as commission agent

Broker

A person who is charging a broker fees from both parties the buyer and the seller by connecting them towards a transaction is known as a broker.

Del-credere agent

A person who is taking responsibility regarding the relevant credit when selling goods on behalf of the principal, in addition to the normal commission he gets an additional commission too.

Forwarding agent

Forwarding agent does the transactions using his personal name on behalf of the principal. He retains goods with him.

Selecting the distribution methods

The process of all activities which happen in delivering goods to the consumers from the producers is called distribution of goods. There are several factors to be considered by the producers to select the suitable methods of delivering goods. Nature of the product, cost of delivery, the methods of distributing applied by the other competitive businesses, facilities available for delivery, evolution of market and the time duration of delivery are some of them.

Delivering goods from the producers to the consumers is a process. For that, there must be a combination of activities. It is fulfilled by creating a suitable way of delivery through the contribution of whole work. For that the work such as storing stocks, controlling stocks, transporting and delivering stocks are combined.

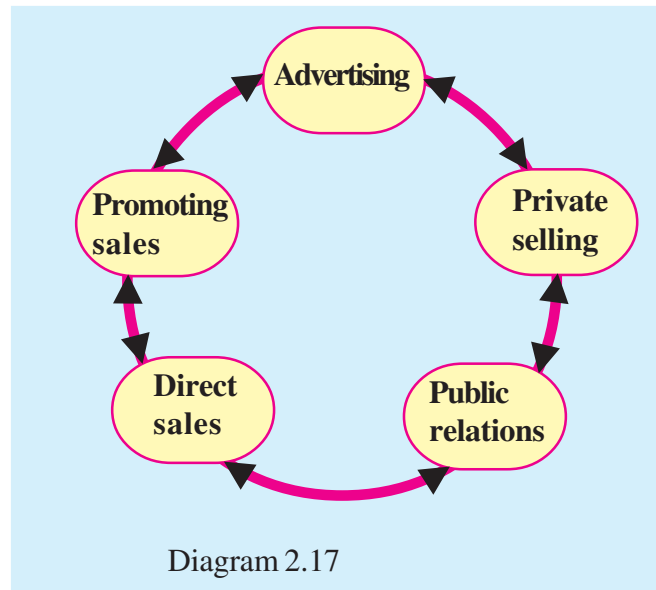
Promotion mix

The entrepreneur provides new innovations by identifying business opportunities and taking risks. All this work is based on the consumers. It is important to identify consumers' needs and wants correctly by the entrepreneur. Later depending on this, it is needed not only to produce goods and services to the consumers but also deliver them to the consumers. For that Promotion mix is important. This is done to compel the consumer to buy the goods and to motivate them.



The whole activities which are relevant to compel and motivate the customers to buy the product is called promotion mix.

The instruments used in a promotional mix of a business is shown below in the diagram 2.17



Advertising

Advertising is the process of informing the customers using various techniques on a certain product or a service. The entrepreneurs use advertising to present the information about the goods to the consumers. The entrepreneur pays continuous attention on the media of advertising to inform more consumers at a minimum cost.



The group of activities which are used to educate the customers regarding a certain products is called advertising

The businessman pays attention to factors such as the nature of the product, the cost of advertising the techniques of the other competitive institutions and target groups of consumers when choosing a medium of advertising.

There are several advertising medias which are used in common by the entrepreneurs in the business world. Those media of advertising are newspapers, magazines, and internet. For an instance, when using the radio as a media for advertising the information can be heard by a large number of people at the same time. As a result the unit cost also is low.



Activity 02

Collect five colorful advertisements from a weekend newspaper and using that, complete the table given below.

Serial number	Item of advertising		Target consumer group
	A good	A service	

Sales promotion

Regarding a product the instruments which are used to compel the consumers by the businessman is known as sales promotion. Here, through advertising, if the consumers are educated about the product, that will compel the consumers to buy, the goods with in a short time. Different techniques are used for that. Because of these techniques, the demand of the consumers increase in a short time.



A chain of action taken to change action taken to compel the customers to buy one's product is called sales promotion.

Sales promotion techniques

There are several methods which are followed by the business institutions. Some of them are given below.

Holding sales

Selling goods at a low rate by deducting a percentage of market price of a good which happen within the limited period of time is called holding of sales.

Providing samples

When introducing a new good to the market a small quantity of the good is given free to compel him to buy that particular good.

Organizing competitions

This is meant by organizing different types of competitions for the buying party and selling the good within a short period of time.

For an example, submitting wrappers of the good to enter the competition.


Issuing coupons

This is issuing coupons to a certain value of the goods wanted by the consumer and by submitting those collected coupons the consumer can obtain goods to value of the coupons free of charge.

Present Gifts

This means by giving an extra good as a gift to the customers when they buy a certain good.

Activity 03



Name of the goods	The techniques of promoting sales.
1.	
2.	
3.	
4.	
5.	

Objectives of promoting sales

There are several objectives the businessmen expect to fulfill by following different techniques of promoting. Their main expectation is to increase the selling within a short time.

Some of the objectives are, compelling the customers to buy the good, within a short time, increase the business turn over, attract the customer, clear the stock and minimize waste after expiring and decay.

Public relations

A group of activities which are followed to build up a good relationship with the public is called public relations. At present the businessmen try to use public relations as a technique of promoting. Public relations help to develop the good name of the business to make a high level of acceptance to the product in the market and to make a continued existence of the business for a long time.



The series of actions which are taken to make good relations and ideas and to leave bad attitudes to build up an favorable relations is the meaning of public relations.

Business enterprises use news, speeches special events and public services to build up public relations. Instruments of public relations are:

News

Favorable information distributed through mass media regarding the product is called news.

As an example, the certificate of standardization ISO 10,000 is offered to Swasakthi Dealers.

Speeches

Speeches or discussions which are held by the officers of the business enterprise through the media or sales promoting meetings to give publicity to the product or institute are known as speeches.

Special Events

The special activities which are used by the entrepreneurs to introduce new goods or to make them famous are known as special events. As examples, special programs for introducing goods, releasing warm air balloons and display of lazer rays etc.

Social service activities

The different facilities which are provided to the public by spending money and time for the publicity and the popularity of the venture are called social service activities. For instance, construct stadiums, construct bus halts, and sponsoring competitions.



Exercises 08

Name five actions which are taken by different ventures in your area to develop public relations.

Personal selling

Selling goods by presenting information verbally by the seller in person to a buyer or a group is known as personal selling. At present entrepreneurs use this technique as a technique of promoting. In this private selling the seller describes the stages of the good from the simple situation to a complex situation.



The technique used to present information, face to face among the seller and the buyer regarding a certain business is known as private selling.

Features of private selling method

There are special features in private selling method which is used by the businessmen as a technique of promoting. Personal communication presents information only verbally and it joins only a limited number of people. The features, such as compelling the buyer by identifying the needs and the behavior and ability to present verbal information deeply or in a simple manner are the advantages of this method.



Exercise 09

What are the goods or services which you bought to your house through private selling.

Direct selling

Compelling the buyer to purchase the good by providing information separately is known as direct selling. Here the seller communicates the information about the good to the buyer separately. A very special aspect of the direct selling is the absence of a third party for the services or good.



Selling goods by building up quick responses and long term connections with selected customers is direct selling.

As an example when introducing a new medicine to the market, a marketing executive of that particular company visits a doctor and explains him the medicine.

Techniques of direct sales: There are several direct sales techniques used as a result of modern techniques. For examples, using the television to offer information and sales, private sales, direct mailing telephone promotions e-marketing are some of them.



Exercise 10

What are the factors that you consider when purchasing goods from a super market.

Existence of good relationships result in the continuous existence of the business. Give reasons.

What are the benefits that the entrepreneurs gain through gaps in the market.

List out the benefits gained through the mass media of communication such as radio television and newspapers which are frequently used at present.

The consumer is targeted for the success of the entrepreneurs. Define that statement explaining the meaning of the words entrepreneur and the consumer.



Summary

The main aim of the entrepreneur is to develop his entrepreneurship by fulfilling the consumer's needs fully while comparing with other competitive parties. Here every businessman has to pay attention to the factors of full satisfaction of the consumers.

Very often the behavior of the consumer is changing. Income, price, price of other goods, position in the society, preference lead to the changes of behavior. Each and every factor affect the changes of the consumer behavior. There are connections among those factors.

It is an important need to choose a market for the product. For that, surveys of the market, segmentation of market selecting target market should be done.

Another need is to present a suitable product which matches the wants of the customer. Here the attention must be paid to the benefits from the product quality, quantity, packing and the brand.

When buying a good or a service a consumer pays great attention to the prices. So when deciding a price it must match with the consumer and the aims of the venture.

Another important work is, to distribute the products to the right place at the right time in right quantity. It is a duty of an entrepreneur to select a suitable method of distribution based on the needs.

At present it is a very important need to educate the customer very often regarding the relevant product and compelling the consumer. For that the venture advertises through private sales, promoting selling, developing public relations and improving direct marketing etc.