



RAS

Rajasthan Administrative Services

Rajasthan Public Service Commission

Volume - 12

***Sociology, Management, Accounting,
Auditing and Administrative Ethics***



RAS

Sociology, Management, Accounting, Auditing and Administrative Ethics

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Marketing

- According to Prof. Pyle, marketing includes both buying and selling activities.
- As per the American Marketing Association, marketing refers to fulfilling business activities.
- It regulates the flow of goods and services from production or manufacturing to consumption or usage.
- According to Richard and Lusk, marketing includes all efforts that facilitate the transfer of ownership of goods and services and their physical distribution.
- According to Udhoji Phiswankar, the characteristics of marketing are as follows:
 - ✓ Marketing involves the production, purchase, and sale of goods.
 - ✓ Once a product is sold, marketing is no longer involved.
- As per this concept, marketing strongly emphasizes the sale of goods to consumers.
- In addition to the production, purchase, and sale of goods, modern marketing also considers social responsibilities.
- The scope of marketing has expanded beyond material goods to include human services.
- New branches related to marketing are emerging under this field.

"Definition of Marketing or Modern/New/Expanded Concepts of Marketing"**New Definitions:**

- **According to William J. Stanton:** "Marketing is the entire system of mutually influential business activities that are carried out to plan, price, promote, and distribute products and services that satisfy the needs of existing and potential customers."
- **According to Philip Kotler:** "It is a social process through which people create products and obtain the goods they need while freely exchanging goods and services that have value."
- **According to Cundiff, Still, and Govoni:** "Marketing is a managerial process through which products are matched with markets, and ownership is transferred accordingly."
- **According to Prof. Hansen,** marketing is the process of identifying the needs of consumers and transforming that identification into the detailed description of goods and services.
- It involves determining the demand for these goods and services and then increasing that demand.

Characteristics and Nature of Marketing

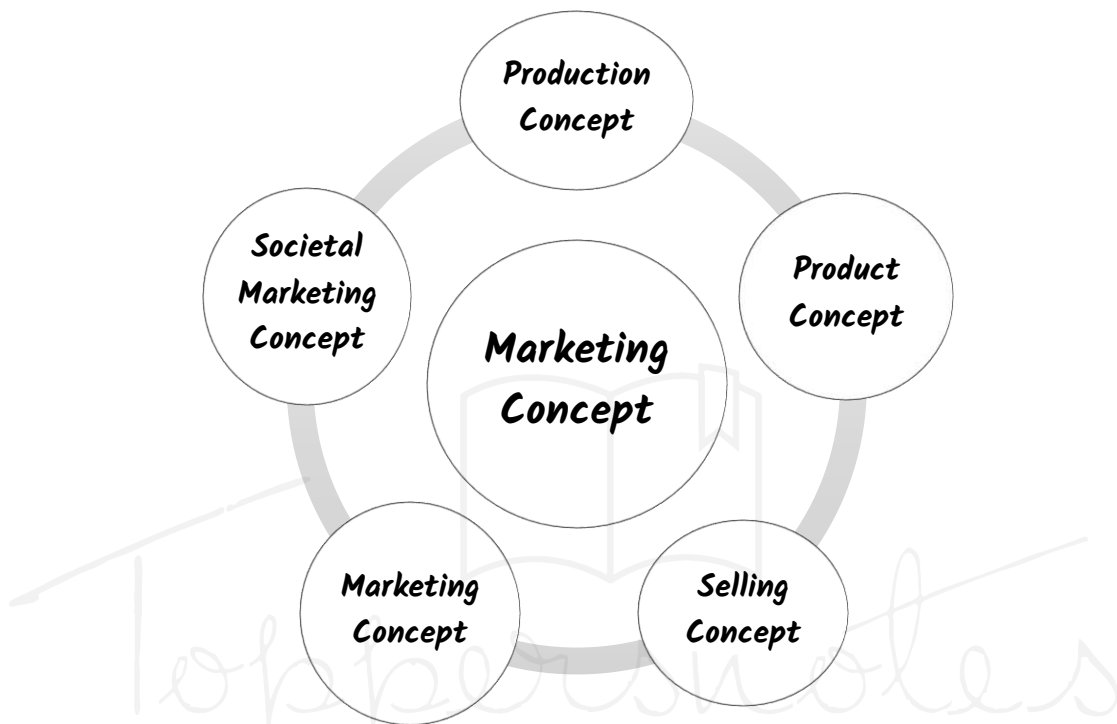
- **Needs and Expectations** – Marketing is based on understanding and fulfilling human needs and expectations.
- **A Human-Centered Process** – It revolves around human behavior, preferences, and decision-making.
- **A Creative Activity** – Marketing involves several creative aspects, such as:
 - ✓ **Product Creativity** – Enhancing the shape and design of a product.
 - ✓ **Value Utility** – Increasing the product's perceived worth.
 - ✓ **Knowledge Utility** – Providing information on how to use the product safely and effectively before and after purchase.
 - ✓ **Place Utility** – Ensuring the product reaches the right location based on demand (e.g., transporting farm vegetables to markets).
 - ✓ **Ownership Utility** – Facilitating proper transfer of ownership, such as Maruti (a car manufacturer) ensuring the car reaches the consumer from the production facility.
- **Exchange is the Foundation of Marketing** – Marketing is based on the exchange of goods and services. Without exchange, marketing cannot take place.
- **Coordination of Various Activities** – Marketing integrates multiple functions, including product planning and development, market research, physical distribution, pricing, storage, advertising, promotion, and sales management.

Difference Between Marketing and Selling

Basis of Difference	Sales (विक्रय)	Marketing (विपणन)
Meaning & Objective	Selling goods and services with the goal of maximizing sales.	Understanding consumer needs and desires, and increasing sales by ensuring maximum customer satisfaction.
Completion of Activities	The process ends once the product is sold.	The process ends when the customer is fully satisfied.
Scope	Limited in scope; it is a part of marketing.	Broader in scope; it includes sales activities as well.
Main Objective	The primary objective is to maximize profit.	The primary objective is to satisfy the customer.

Development & Transfer	<i>A traditional method where the focus is on transferring the product.</i>	<i>A modern approach that emphasizes customer satisfaction.</i>
Relation	<i>Related to the volume of sales.</i>	<i>Related to customer habits and preferences.</i>

Different Concepts of Marketing



Basis of Difference	Production Concept	Product Concept	Selling Concept	Marketing Concept	Societal Concept
Starting Point	Industry	Industry	Industry	Market Research	Market & Society
Main Focus	Quantity of Product	Quality, Design, and Mass Production	Sales Promotion & Increased Sales	Consumer Needs	Consumer Needs & Social Welfare
Means	Availability & Purchasing Power of Product	Improvement in Production	Sales & Sales Promotion	Integrated Marketing	Integrated Marketing

Process Completion Point	<i>Profit through Production Volume</i>	<i>Profit through Quality of Product</i>	<i>Profit through Increased Sales</i>	<i>Long-Term Profit through Customer Satisfaction</i>	<i>Profit through Consumer Satisfaction & Social Welfare</i>
Marketing Mix	<i>Determined by the Seller</i>	<i>Determined by the Seller</i>	<i>Determined by the Seller</i>	<i>Determined by the Buyer</i>	<i>Determined by the Buyer & Social Welfare</i>

Characteristics of Modern Thought

➤ **Consumer-Centric Approach**

- ✓ *The primary foundation of modern thought is consumerism, and all business activities revolve around it.*
- ✓ *Consumers have preferences regarding the shape, size, color, and design of products, which are determined by the manufacturers.*
- ✓ *If consumers' preferences for taste, convenience, age, etc., are not considered, the demand for the product may decline, impacting its market success.*

➤ **Marketing Integration**

- ✓ *In the traditional market system, production, distribution, pricing, and investment decisions were managed independently, with each sector functioning autonomously.*
- ✓ *However, according to modern thought, these aspects are interconnected and should be integrated to ensure maximum efficiency and smooth operations.*
- ✓ *The lack of proper marketing strategies can lead to business inefficiencies and hinder success.*

➤ **Consumer Satisfaction**

- ✓ *According to modern business philosophy, achieving consumer satisfaction should be the primary goal of any organization.*

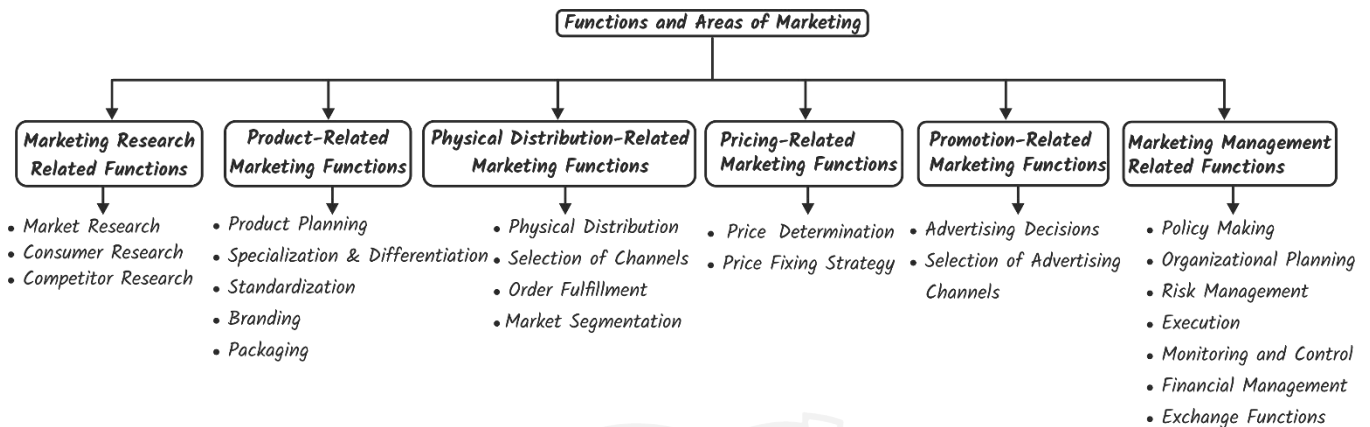
➤ **Consumer Welfare**

- ✓ *Ensuring consumer satisfaction and integrating it into a company's profitability strategies is not only essential but also necessary. It is equally important to consider consumer welfare in the long run so that social well-being can be achieved.*

Flaws in the Marketing Concept

- The marketing concept also has a drawback. It primarily emphasizes the interests of businesses and consumers. However, it often neglects the interests of workers and other sections of society. Ideally, the real objective of marketing should be to protect and balance the long-term interests of all social groups.

Functions of Marketing



Product Planning and Development

- In modern marketing philosophy, consumer perspective is paramount.
- Therefore, by continuously identifying consumer needs, new products are developed. Additionally, existing products are modified according to changing consumer preferences, trends, and ideals to prevent product obsolescence.
- This type of marketing function is one of the most essential tasks.

Sales

- Sales play a crucial role in marketing functions.
 - ✓ In reality, the foundation of marketing is sales.
- If a product is not sold, other marketing activities become irrelevant.
- Without sales, production cannot continue for long, and resources cannot be sustained.
- The scope of sales includes identifying customers, generating demand, encouraging purchases, providing advice, and offering guidance to customers. Various methods such as advertising, personal selling, and direct sales are used to achieve this.
 - ✓ Sales are also considered an art.
- Collecting and analyzing market-related information is one of the key functions of marketing. Gathering and analyzing market information is crucial for understanding consumer needs and preferences and making informed marketing decisions. It also helps businesses align their strategies with social, governmental, and competitive trends. Effective marketing decisions based on this analysis help businesses grow and succeed.

Product Design and Development

- Another crucial and strategic function of marketing is product design and development.
- The design of a product plays a significant role in enhancing its appeal to consumers.
- A well-designed product increases its usability and makes it more competitive in the market.

Standardization and Grading

- **Standardization** refers to the production of goods according to predetermined specifications, ensuring uniformity and consistency in the product. Standardization helps reduce variations in quality, price, and packaging standards. As a result, it minimizes the need for product inspection, testing, and valuation.
- **Grading** involves categorizing products based on their quality, size, and other essential characteristics. It helps in distinguishing between different quality levels, making it easier to sell high-quality products at premium prices.

Branding

- Most consumers consider branding an essential aspect of product marketing. A crucial decision in branding is whether to sell the product under a specific category name (such as clothing, pens, etc.) or under a distinct brand name (such as Parker Pens or Rotomac Pens). A brand name differentiates a product from others, setting it apart from competitors' products. This differentiation creates a psychological attachment for consumers and strengthens their relationship with the brand.
- One of the key decisions in branding is related to branding strategy. This includes determining whether each product should have a unique brand name or if all products of a company should share a single brand name.
- For example, a company may choose to have separate brand names for different products or use a single brand name for all its offerings, such as **Philips Bulbs, Lux Soap, Toyota Televisions, or Videocon Washing Machines, Televisions, and Refrigerators**. Selecting the right brand name plays a crucial role in the success of a product.

Customer Support Services

- One of the most important functions of marketing management is the development of customer support services. These include **after-sales services, addressing customer complaints, overseeing necessary arrangements, maintenance services, repair services, providing technical support, and offering user guidance**.
- All these services ensure **maximum customer satisfaction**, which is the key to marketing success today.
- Customer support services play a crucial role in encouraging customers to **repurchase products and develop brand loyalty**, making them highly effective in strengthening customer trust.

Transportation

- *In today's world, businesses and industrial organizations engage in large-scale production, where goods are distributed across the country to fulfill consumer demands.*
- *To achieve this, products need to be transported from the place of production to the place of consumption.*
- *Various means of transportation are available, which help in moving individuals, goods, and services from one place to another.*
- *Transportation plays a crucial role in the economic, social, and political development of any country.*
- *Without adequate transportation facilities, rapid industrialization and the distribution of goods and services would not be possible.*
 - ✓ *Different modes of transportation help in moving raw materials from production sites to industrial centers, where they are processed into finished products.*
- *Transportation also ensures that goods reach consumers from industries.*
 - ✓ *Proper transportation helps in balancing supply and demand, making goods available at the right place and time.*
- *Fast transportation reduces the time required to move goods from one location to another.*
 - ✓ *This type of transportation also ensures efficient use of time*

Storage

- *Besides selling, storage is an important function for goods.*
 - ✓ *Sometimes, goods are stored temporarily for a short period, such as in railway stations or truck warehouses.*
- *Storage is required when there is a time gap between the production and consumption of goods.*
 - ✓ *Sometimes, traders store goods when they do not get the desired price in the market, so they can use them when needed.*

Pricing

- *Determining the price of a product is an important function of marketing management.*
 - ✓ *A well-planned pricing strategy is essential for selling products to customers.*
- *A company's pricing policy should be designed to attract all types of customers.*
 - ✓ *Pricing policies are influenced by the cost of goods and services, profit margins, prices set by competitors, and government regulations.*

Packaging and Labeling

- The importance of packaging has increased significantly in modern marketing.
 - ✓ It acts as a multi-purpose system.
- Packaging helps in safely delivering the product from the manufacturer to the consumer.
 - ✓ Products are packed in cartons, plastic bags, bottles, etc.
- Proper packaging increases the attractiveness and appeal of the product.
 - ✓ It helps in gaining customer trust and making the product stand out in the market.
 - ✓ Well-packaged products are considered of higher quality and are easier to sell.
 - ✓ Labeling refers to the text or labels attached to the package. It provides important information. Labels can range from simple paper tags to digital graphics.

Market Research

- Market research is a process of collecting information about different aspects of marketing.
 - ✓ It involves gathering data on consumer preferences, market trends, and industry problems.
 - ✓ Studying market trends helps businesses address challenges and make informed decisions.
- It includes finding potential customers and suggesting ways to reach them effectively.

Advertising

- In today's competitive world, advertising has become an essential part of marketing.
- It spreads awareness about products and services, increasing sales.
- Advertising helps in capturing the attention of potential customers and increasing demand.
- Various advertising methods include print media, television, radio, digital platforms, hoardings, and online marketing.

Distribution

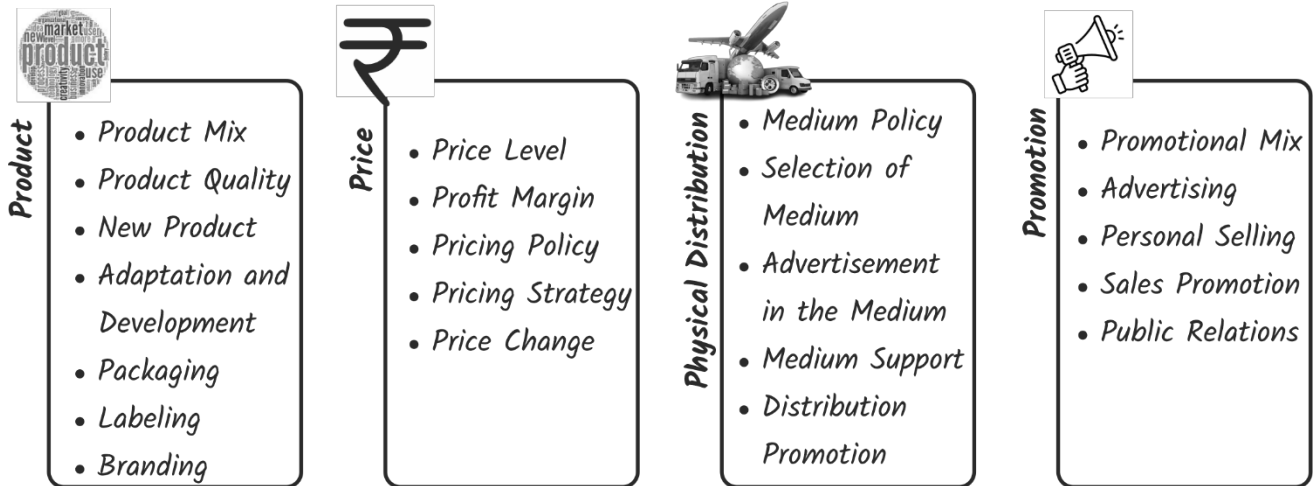
- Distribution is a crucial function of marketing, involving the physical distribution of goods and services. It includes two major activities: **Distribution channels** – This includes wholesale and retail selling. **Transporting goods** – Moving products from production sites to consumption locations. Distribution involves activities such as warehousing, inventory management, and ensuring goods reach their intended destinations efficiently.

Marketing Mix

Meaning and Definition of Marketing Mix

- The marketing mix refers to a set of marketing tools that an organization uses to achieve its marketing objectives in the target market.
- "The marketing mix is a combination of four components: product, price, physical distribution system, and promotional activities. These components are utilized to satisfy the needs of the target market and achieve marketing objectives."

➤ The components of the marketing mix are commonly known as the **4 Ps**, which are:



1. Product
2. Price
3. Physical Distribution
4. Promotion

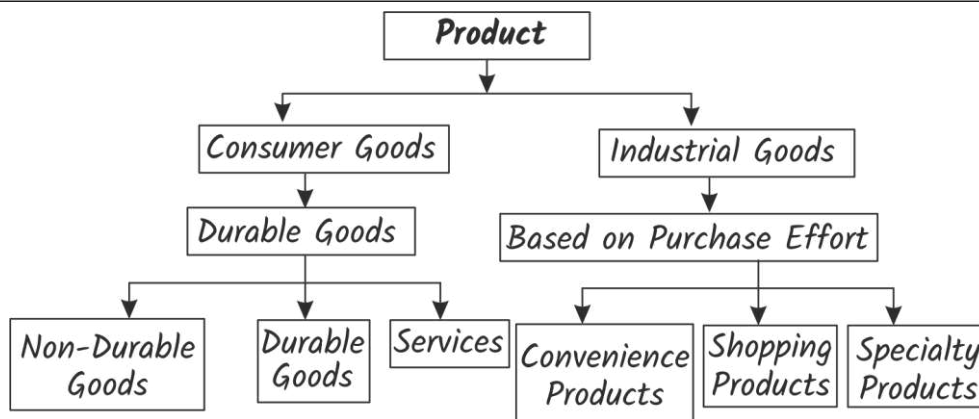
Elements of the Marketing Mix

Product Mix

- The product mix refers to the group of products that an organization offers in the market for sale.
- ✓ Example: The different products sold by Hindustan Unilever Limited in the market constitute its product mix.
 - ✓ In bathing soap products, "Rexona, Hamam, Pears, etc." are part of the soap product category.
- It is essential to determine the types of products included in the product mix.
- The characteristics of a product include:
- ✓ Product design
 - ✓ Product size
 - ✓ Product packaging
 - ✓ Product brand and label
 - ✓ Product taste
 - ✓ Consumer services
 - ✓ Product popularity

Types of Products

1. Consumer Products
2. Industrial Products



Consumer Goods

Consumer goods are products purchased by the final consumer or user to fulfill their personal needs and desires. Examples include soap, cooking oil, food items, clothing, toothpaste, fans, etc., which are used for personal and non-commercial purposes. These are known as consumer goods.

Types of Consumer Goods

1. **Convenience Products** – These are consumer goods that are purchased frequently, immediately, and with minimal effort. Examples include cigarettes, ice cream, medicines, newspapers, stationery items, and toothpaste. These products have a low per-unit cost and are purchased in small quantities.
2. **Shopping Goods** – These are consumer goods for which the buyer spends considerable time comparing quality, price, design, and suitability before making a final decision. Examples include clothing, jewelry, furniture, radios, and televisions.
3. **Specialty Products** – Specialty products have unique characteristics that make consumers specifically seek them out. Consumers are highly loyal to their brands and are willing to invest significant time and effort in purchasing them.

For example, rare artworks or antiques may require extensive effort and travel to acquire. In daily life, some people prefer a particular barber, café, or tailor and continue to visit them despite price changes. The demand for these products remains relatively inelastic, meaning price increases do not significantly affect their demand.

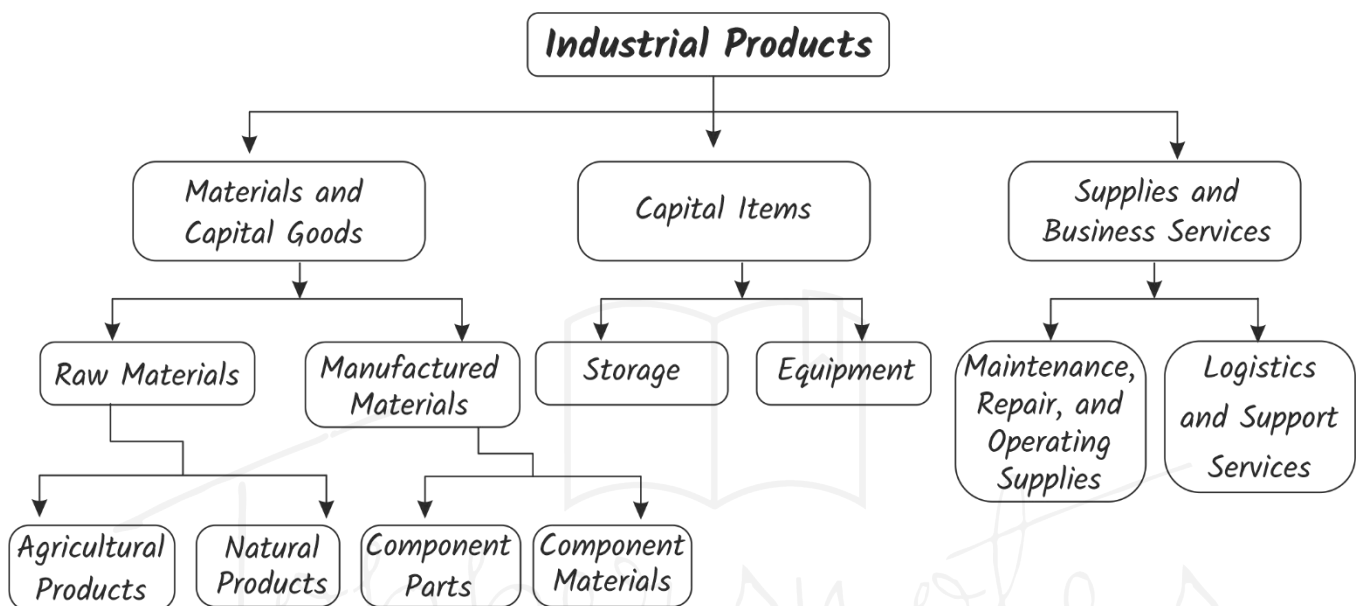
Product Durability

Based on durability, consumer goods can be classified into three categories: durable goods, non-durable goods, and services.

1. **Non-Durable Goods** – These are consumer goods that are consumed in a single use or a few uses. Examples include toothpaste, detergent, bathing soap, and stationery items. From a marketing perspective, these products yield low profits, require widespread availability, and need extensive advertising.

2. **Durable Goods** – These are tangible consumer goods that can be used repeatedly over a long period. Examples include refrigerators, radios, bicycles, sewing machines, and kitchen appliances. These products have a longer lifespan, yield higher profits, and require more effort from sellers to market and sell. They also come with warranties and after-sales services.
3. **Services** – Services are intangible. They refer to benefits or satisfaction derived from activities that are sold. Examples include dry cleaning, watch repair, haircuts, postal services, and the services of doctors, architects, and lawyers.

Industrial Products



Classification of Industrial Goods

Industrial Products

Industrial products are goods that are used as inputs for the production of other goods. Examples of such products include raw materials, engines, grease, machines, and tools. In other words, industrial products are used in the manufacturing of other items and are intended for **non-personal and commercial use**.

Classification of Industrial Products

Industrial products can be classified into the following categories:

1. **Materials and Capital Goods** – These include raw materials and manufactured materials that become part of the final product. They are divided into two types:
 - (a) **Raw Materials** – These include natural and processed products such as iron, coal, timber, and natural resources like minerals and agricultural products such as wheat, cotton, and jute.
 - (b) **Manufactured Materials** – These are semi-finished goods like glass, rubber, plastic, and iron sheets, which are further processed into final products.

-
2. **Component Parts** – These are goods that are directly used in production. They include:
- (a) **Component Parts** – Products such as tires, batteries, and other auto parts used in manufacturing vehicles.
 - (b) **Component Materials** – Products like steel, wire, and plastic that are used as raw materials in further production processes.
3. **Supplies and Business Services** – These products are not directly used in the manufacturing of final goods but assist in production and operational processes. They include:
- (a) **Operating Supplies** – Products like lubricants, fuels, and maintenance tools.
 - (b) **Business Services** – Services such as transportation, banking, computers, stationery, and insurance that support industrial operations.

Branding

- One of the most important decisions a marketer has to make regarding a product is related to branding.
- The marketer must decide whether to market the firm's products under a **brand name** or as a **generic product**.
- If products are sold under a generic name, it becomes difficult for marketers to differentiate them from competitors' products.
- That is why most marketers assign a specific name to their products, allowing them to be easily recognized and distinguished from competing products.
- The process of assigning a name, symbol, or any distinctive sign to a product is called **branding**.
- **Key Terms Related to Branding**

1. Brand

- ✓ A **brand** consists of a name, word, symbol, logo, or a combination of these.
- ✓ It is used to **identify** goods and services.
- ✓ It helps distinguish a company's products from those of competitors.
- ✓ Examples of well-known brands include **Bata, Lifebuoy, Dunlop, Hot Shot, and Parker**.
- ✓ The term **brand** has two main components:
 - 1. **Brand Name**
 - 2. **Brand Symbol**

2. Brand Name

- ✓ The part of a brand that can be spoken is called a **brand name**.
- ✓ Examples include **Asian Paints, Saffola, Maggi, Lifebuoy, Dunlop, and Uncle Chips**.

3. Brand Symbol (Brand Mark)

- ✓ The part of a brand that **cannot be spoken** but can be recognized visually is called a **brand symbol or brand mark**.
- ✓ It may be a **symbol, shape, distinct color, or unique text design**.
- ✓ Examples:
 - The **gattu** (mascot) of **Asian Paints**
 - The **devil** character of **Onida**
 - The "**Yog Kshema**" symbol of **LIC (Life Insurance Corporation)**
 - The **hand with four fingers** of **Anacin**

4. Trademark

- ✓ If a brand or any part of it receives **legal protection**, it is called a **trademark**.
- ✓ This protection prevents other firms from using the registered brand name or symbol. A company that **registers its brand** gets **exclusive rights** to use it.
- ✓ No other firm in the country can legally use the same name or symbol.]

Factors to Consider When Selecting a Brand Name

- The brand name should be **short and concise**.
- It should be **easy to pronounce, speak, recognize, and remember**. Examples: **Pond's, VIP, Rin, Vim**, etc.
- The brand name should **reflect the product's benefits and qualities**.
- It should be **relevant to the product's function**. Examples: **Rasika, Genteel, Promise, My Fair Lady, and Boost**.
- The brand name should be **unique and distinctive**, such as **Liril, Spirit, Safari, and Zodiac**.
- It should be **adaptable** to packaging, labeling requirements, various advertising media, and different languages.
- The brand name should be **flexible** enough to accommodate new products in the product line. Examples: **Maggi, Colgate**.
- It should be **registerable and legally protectable**.
- The chosen name should be **timeless and evergreen**, ensuring long-term relevance.

Importance or Benefits of Branding

1. Importance or Benefits for Producers/Manufacturers

- Market Expansion
- Assists in Advertising and Promotional Activities
- Facilitates Direct Distribution
- Ease of Product Mix Expansion
- Legal Protection for Manufacturers
- Price Control
- Enhances Reputation
- Protection from Competition
- Availability of Intermediaries

2. Benefits or Importance for Consumers

- Trust in Product Quality
- Consumer Protection
- Ease in Purchasing
- Price Stability
- Better Packaging
- Psychological Satisfaction
- Easy Identification

3. Benefits or Importance for Intermediaries (Distributors/Retailers)

- No Need for Additional Promotion
- Ease in Selling
- Increase in Goodwill
- Lower Risk

Disadvantages of Branding

1. **Limited Sales for Non-Branded Products** – With the rise of branded products, non-branded products struggle to sell, even if their quality is excellent.
2. **Negative Impact on Other Products** – If a product under a brand fails, it can negatively affect the sales of other products from the same brand.
3. **Risk of Duplication Before Registration** – Until a brand is legally registered, it is more likely to be copied.
4. **Counterfeit Products** – Successful brands often face imitation, leading to counterfeit goods in the market, which exploits consumers.
5. **Discouragement for New Producers** – The dominance of established brands makes it difficult for new producers to enter the market.
6. **Increased Management Efforts** – To prevent trademark infringement, producers must remain vigilant, increasing the burden on management.

Packaging

- **Packaging** refers to the design and production of a product's outer covering or container.
- It plays a crucial role in the success or failure of many products, particularly fast-moving consumer goods (FMCG).

Levels of Packaging

1. **Primary Packaging** – The direct packaging that holds the product. In some cases, it remains until the product is consumed, such as plastic wrappers for socks. In other cases, the packaging lasts until the product is finished, such as toothpaste tubes or matchboxes.
2. **Secondary Packaging** – An additional protective layer used until the product is ready for use, such as a shaving cream tube inside a box.
3. **Transportation Packaging** – Extra packaging used for storage, identification, or transportation, ensuring product safety during transit.

Importance or Benefits of Packaging

- **Packaging plays a crucial role in the marketing of goods and services.** The following are its key benefits:
 1. **Higher Standards of Health and Hygiene** – Ensures better cleanliness and safety for products.
 2. **Self-Service Stores** – Facilitates sales in self-service retail stores
 3. **Opportunities for Innovation** – Encourages creativity and new advancements in packaging design.
 4. **Product Differentiation** – Helps in distinguishing products from competitors through unique packaging.

Benefits for Manufacturers and Producers

- Aids in Sales Promotion
- Enhances Brand Reputation
- Attracts Consumers
- Increases Sales
- Ensures Product Safety
- Facilitates Storage

Benefits for Intermediaries (Retailers/Distributors)

- Facilitates Display and Sales
- Eases Product Identification
- Aids in Storage
- Facilitates Transportation
- Supports Advertising Simplifies promotional efforts.

Benefits for Consumers

- **Reduces the Risk of Adulteration** – Ensures the product remains in its original and unaltered form.
- **Provides Usage Instructions** – Labels and printed materials guide consumers on the correct use of the product.
- **Enhances Portability** – Packaging makes it easier for consumers to carry the product.
- **Facilitates Product Identification** – Attractive packaging helps consumers recognize the product easily.

Functions of Packaging

- Packaging plays multiple roles in marketing, including the following:
 - ✓ Product Identification
 - ✓ Product Protection – Prevents damage, leakage, theft, and environmental effects.
 - ✓ Ensures Safety During Storage, Distribution, and Transportation –
 - ✓ Enhances Product Usability
 - ✓ Supports Product Promotion

Labeling

- **Labels** range from simple stickers on generic products (such as sugar, wheat, and pulses) displaying basic information like quality and price, to **detailed graphic labels** on branded products.
- Labels provide comprehensive information about the product, including its ingredients and usage instructions.
- **Functions of Labels**
 1. Provides Product Information
 2. Identifies the Product or Brand
 3. Classifies Products
 4. Aids in Promotion
 5. Ensures Compliance with Legal Requirements

Characteristics of a Good Label

- A good label provides **accurate and relevant information**, helping consumers make informed purchasing decisions.

➤ Apart from mandatory legal details, a label should include:

1. Manufacturing and Expiry Date
2. Legal Warnings
3. Possible Side Effects
4. Processing Method
5. Visual Representation
6. List of Raw Materials Used
7. Usage Instructions

Product Life Cycle (PLC)

- The term Product Life Cycle (PLC) refers to the period from when a product is introduced to the market until it is eventually removed from the shelves.
- A product's life cycle is divided into four stages:
- ✓ Introduction
 - ✓ Growth
 - ✓ Maturity
 - ✓ Decline
- This concept is used by management and marketing professionals as a decision-making factor in determining:
- ✓ When to increase advertising,
 - ✓ When to reduce prices,
 - ✓ When to expand into new markets,
 - ✓ When to redesign packaging.
- The process of strategically supporting and maintaining a product is called Product Life Cycle Management (PLCM).

1. Introduction Stage:

- The introduction stage shows low sales volume as the product is newly launched in the market.
- Due to high introduction costs, profits are either zero or negative at this stage.
- Sales Promotion Strategy: Use heavy promotional efforts to attract initial trials.

2. Growth Stage:

- With proper marketing, the product enters the growth stage.
- During this phase, sales increase rapidly as consumers begin accepting the product.