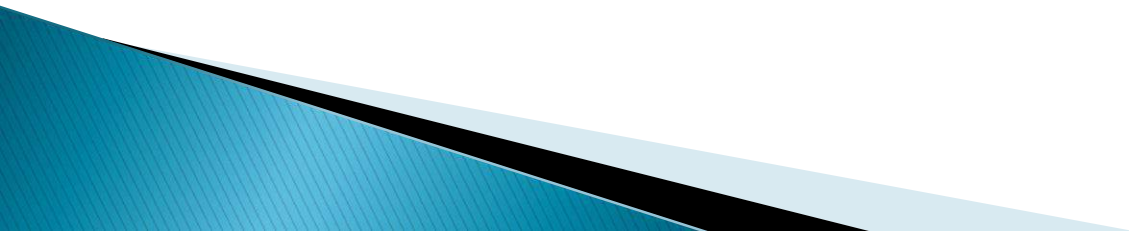


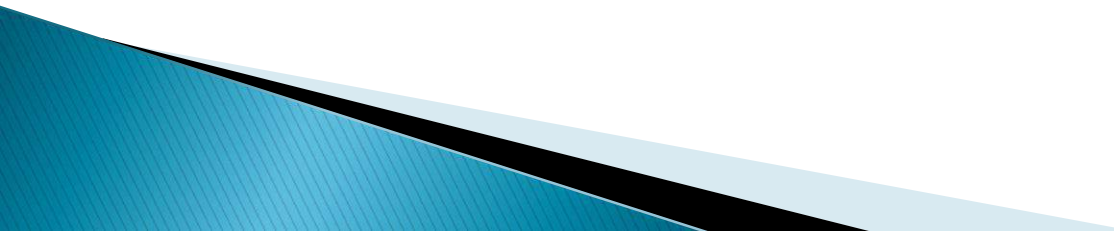
AECON- 221

Topic 2

Market Structure Marketing Mix and Market segmentation



Market Structure

- The term structure refers to something that has organization and dimension – shape, size and design; and which is evolved for the purpose of performing a function.
 - By the term market structure we refer to the size and design of the market. It also includes the manner of the operation of the market.
 - Market structure refers to those organizational characteristics of a market which influence the nature of competition and pricing, and affect the conduct of business firms.
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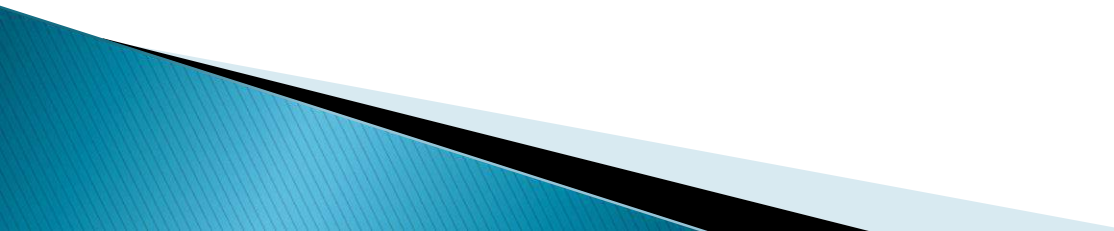
Components of Market Structure

1. Concentration of Market Power

The concentration of market power is an important element determining the nature of competition and consequently of market conduct and performance. This is measured by the number and size of firms existing in the market. The extent of concentration represents the control of an individual firm or a group of firms over the buying and selling of the produce.

2. Degree of Product Differentiation

Whether or not the products are homogeneous affects the market structure. If products are homogeneous, the price variations in the market will not be wide. When products are heterogeneous, firms have the tendency to charge different prices for their products. Everyone tries to prove that his product is superior to the products of others.



3. Conditions for entry of Firms in the Market

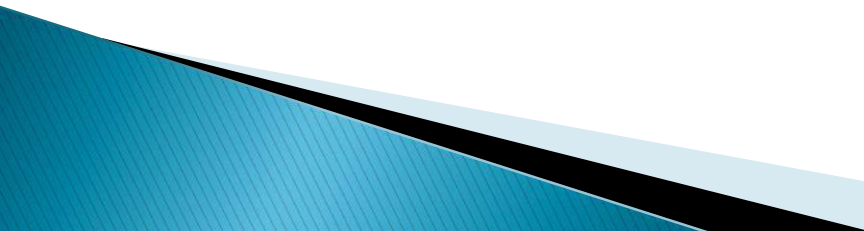
Another dimension of the market structure is the restriction, if any, on the entry of firms in the market. Sometimes, a few big firms do not allow new firms to enter the market or make their entry difficult by their dominance in the market. There may also be some government restrictions on the entry of firms.

4. Flow of Market Information

A well-organized market intelligence information system helps all the buyers and sellers to freely interact with one another in arriving at prices and striking deals .

5. Degree of Integration

The behavior of an integrated market will be different from that of a market where there is no integration either among the firms or of their activities.



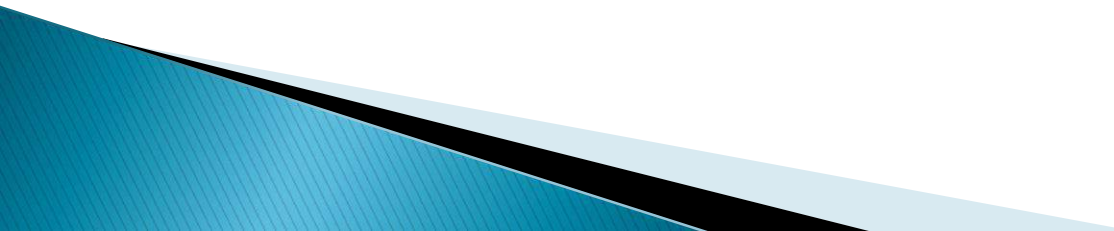
Dynamics of Market Structure – Conduct and Performance

- ▶ Market Conduct :

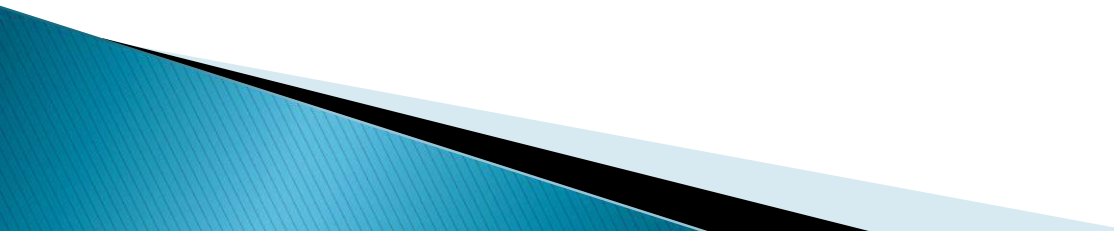
It refers to the patterns of behavior of firms, especially in relation to pricing and their practices in adapting and adjusting to the market in which they function.

- ▶ Market Performance :

It Refers to the economic results that flow from the industry as each firm pursues its particular line of conduct.



Marketing Mix

- ▶ Marketing Mix can be defined as the set of marketing variables that a business implements for the purpose of evincing a desired response in the target market.
 - ▶ In other words, marketing mix can be said to be a very important marketing tool that consists of all the elements that impact the demand for the products that a firm offers.
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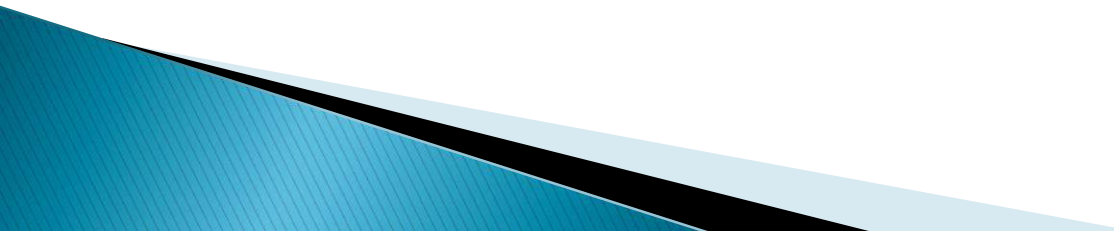
Components of marketing mix

1. Price Mix

An important component of marketing mix, 'Price' refers to the value placed on a product. Price of a product will highly depend on many factors including the costs incurred in production, the target buyers, the purchasing ability of the market, supply and demand and many other direct as well as indirect factors.

2. Product Mix

Product is the central element of the marketing mix. The term product stands for the item that is sold. To show up a high sales, the product must be able to deliver at least a minimum level of performance. If this does not happen, the other elements can do little good to the entire mission in front of the marketing mix.




3. Place Mix

By the term 'place' we refer to the point of sale. In any given industry segment, a good distribution strategy (place strategy) consists of capturing the attention of the customer and influencing their buying decision in a profound way. Location or place can be called as the mantra of a successful retail business. Retailers are seen willing to pay a high price for the right location.

4. Promotion Mix

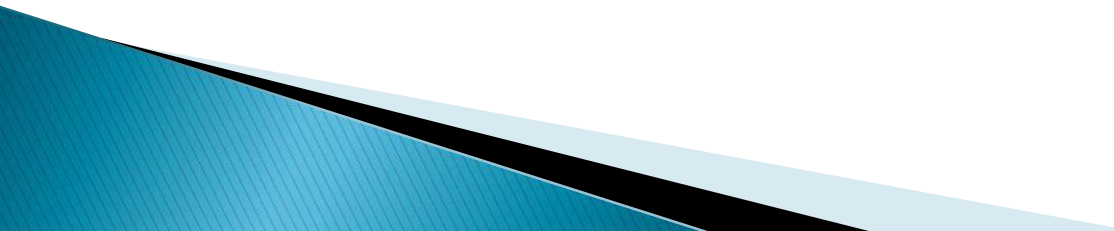
Promotion refers to the set of efforts and activities that a business undertakes for reaching out the product or service to the user and trade. The activities forming part of promotion can include spreading the product awareness by word of mouth, advertising, incentives, press reports, awards and commissions for the trade. The other popular elements of promotion refers to consumer schemes, contest, prizes and direct marketing.



Market segmentation

- ▶ Market segmentation is the process of dividing prospective consumers into different groups depending on factors like demographics, behavior and various characteristics.
- ▶ Market Segmentation are grouping of consumers according to such characteristics age, income, degree of urbanization, race or ethics classification, geographical location or education.

Purpose of market Segmentation

1. Dividing in Homogenous group
 2. Identification of Merit
 3. Identification of area
 4. Identification of Purchase potentiality
 5. To make institute consumer adoptable
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THANK YOU