Basic Level of Marketing

Unit-I

Meaning of Marketing

Marketing is the process of identifying customer needs and wants and satisfying them through products and services. It includes activities like product planning, pricing, promotion and distribution.



Marketing Management

Marketing management is the planning, organizing, directing and controlling of marketing activities to achieve organizational goals. It focuses on customer satisfaction and long-term profitability.



Functions of Marketing Management

1. **Planning**
   Deciding marketing goals and preparing plans to achieve them.
2. **Organizing**
   Arranging resources and assigning responsibilities for marketing activities.
3. **Market Research**
   Collecting and analyzing market and customer information.
4. **Product Planning and Development**
   Designing and improving products according to customer needs.
5. **Pricing**
   Fixing suitable prices based on cost, demand and competition.
6. **Promotion**
   Creating awareness through advertising, sales promotion and personal selling.
7. **Distribution**
   Ensuring products reach customers at the right place and time.
8. **Controlling**
   Monitoring marketing activities and correcting deviations from plans.

Objectives of Marketing Management

1. **Customer Satisfaction**
   To identify and satisfy customer needs effectively.
2. **Increase Sales**
   To maximize sales volume and market share.
3. **Profit Maximization**
   To earn reasonable profits through efficient marketing activities.
4. **Market Expansion**
   To enter new markets and attract new customers.
5. **Building Goodwill**
   To create a positive brand image and long-term customer loyalty.
6. **Survival and Growth**
   To ensure long-term survival and growth of the organization.

Defining the Market for New Realities

Modern markets are dynamic due to globalization, digital marketing and changing consumer behaviour. Companies must understand online markets, customer data and global competition.

Developing Marketing Strategies and Plans

A marketing strategy explains how a company will reach its target customers. Marketing plans include:

- **Market Analysis**

Market analysis is the study of market conditions, customer needs, competitors and trends. It helps the company understand opportunities and challenges in the market.



- **Target Customers**

Target customers are the specific group of consumers a company chooses to serve. Identifying target customers helps in designing products and marketing activities effectively.

- **Marketing Mix Decisions**

Marketing mix decisions involve selecting the right combination of product, price, place and promotion to satisfy customer needs and achieve business objectives.

- **Budget and Control**

Budget and control refer to planning marketing expenses and monitoring marketing activities. It ensures that marketing plans are implemented within the budget and objectives are achieved efficiently.

Creating Long-Term Customer Relationships

Building customer loyalty is important for long-term success. This is done through:

- **Quality Products**

Quality products meet customer needs, perform well and provide value for money. High quality increases customer satisfaction and trust.

- **Good Service**

Good service means providing timely support, courteous behavior and efficient problem-solving, which helps in retaining customers.

- **Customer Engagement**

Customer engagement involves interacting with customers through communication, feedback and participation. It helps build emotional connection and brand loyalty.

- **Relationship Marketing**

Relationship marketing focuses on building long-term relationships with customers by understanding their needs and maintaining continuous interaction.

Marketing Mix

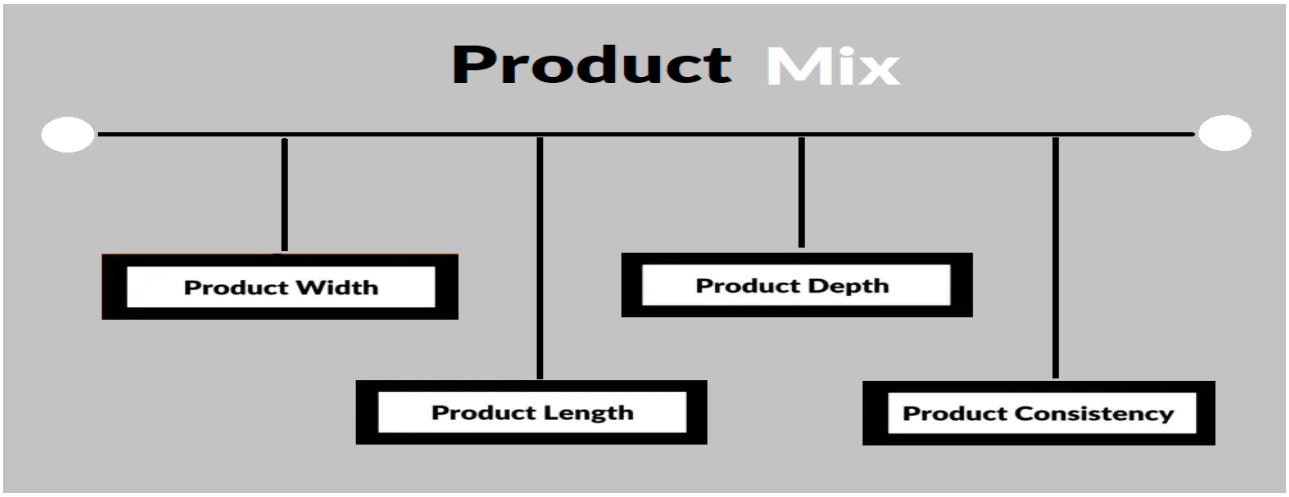
The marketing mix is a set of tools used by a company to market its products effectively. It consists of **four elements**, known as the **4 Ps**:



- **Product** – The goods or services offered to satisfy customer needs.
-
- **Price** – The amount charged for the product or service.
- **Place** – The distribution channels used to make the product available to customers.
- **Promotion** – Activities such as advertising, sales promotion and personal selling used to inform and persuade customers.

Product Mix

Product mix refers to the **total range of products and product lines** offered by a company to its customers. It includes all the different products a company sells to meet various customer needs.



A product mix is defined by its **width, length, depth and consistency**, which help a company manage and expand its product offerings effectively.

Service Marketing Mix

In addition to 4 Ps, services include:

- **People**

People refer to all individuals involved in delivering a service, including employees and staff. Their skills, behavior and attitude directly affect service quality and customer satisfaction.

- **Process**

Process means the procedures and methods used to deliver a service to customers. A smooth and efficient process ensures timely and consistent service delivery.

- **Physical Evidence**

Physical evidence includes the tangible aspects of a service such as buildings, equipment, ambience, brochures and appearance of staff. It helps customers evaluate the quality of a service.


Product
Design
Technology
Perceived usefulness
Convenience of use
Quality
Packaging
Brand utility
Accessories
Warranties
Price
Skimming
Penetration
Value based
Cost plus
Cost leadership
People
Employees
Management
Organization culture
Customer service orientation
Place
Retail
Wholesale
Mail order
Internet
Direct sales
Peer to peer
Multi-channel
Services Marketing Mix
Physical evidence
Facilities
Infrastructure
Service delivery
Promotion
Special offers
Advertisements
Endorsements
User trials
Campaigns
Joint ventures
Process
Uniformity of offering
Service delivery
Service consumption

Basic Level of Marketing

Unit-II

Marketing Information System

It is a system for collecting, analysing and distributing marketing information to support decision-making.



Collecting Marketing Information

Information is collected from:

- **Internal Records**

Internal records are data available within the organization such as sales reports, invoices and customer databases. They help in understanding past performance.

- **Market Surveys**

Market surveys involve collecting information directly from customers through questionnaires and interviews. They help in understanding customer needs and preferences.

- **Customer Feedback**

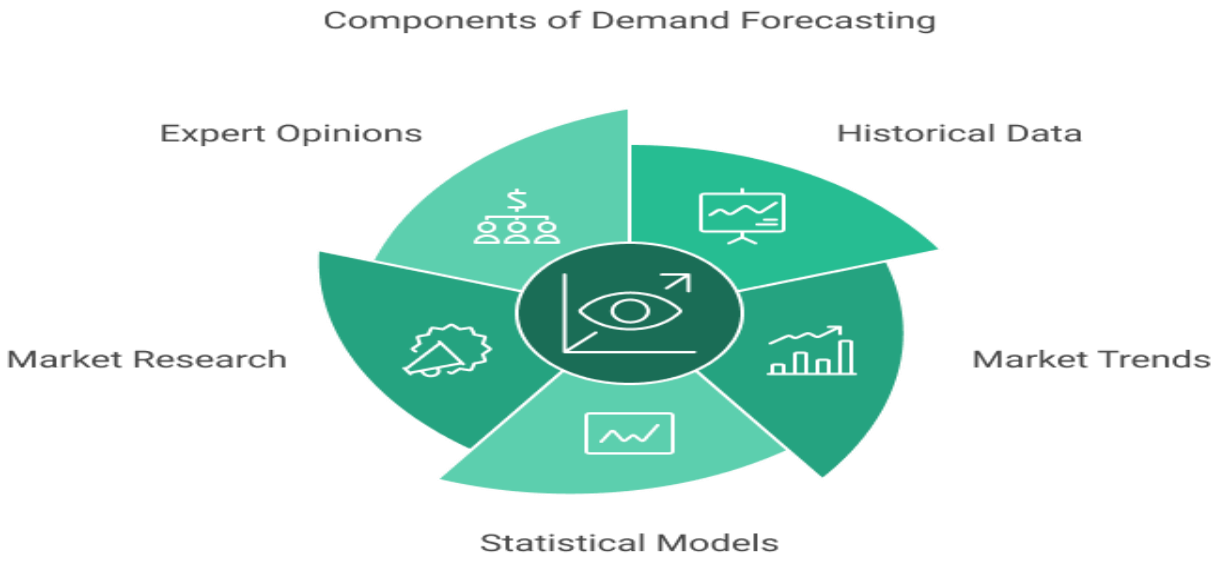
Customer feedback includes opinions, suggestions and complaints given by customers. It helps companies improve products and services.

- **Online Sources**

Online sources include websites, social media, reviews and online databases. They provide quick and updated information about market trends and customer behaviour.

Forecasting Demand

Demand forecasting is the process of estimating the future demand for a product or service based on past sales data, market trends and customer behaviour. It helps businesses plan their production and marketing activities.



Functions of Demand Forecasting

1. **Production Planning**
   Helps in deciding the quantity of goods to be produced.
2. **Inventory Control**
   Reduces over-stocking and under-stocking of products.
3. **Sales Planning**
   Assists in setting sales targets and strategies.
4. **Financial Planning**
   Helps in budgeting and estimating future revenue.
5. **Marketing Decisions**
   Supports decisions related to pricing, promotion and distribution.
6. **Risk Reduction**
   Minimizes business risks by anticipating future market demand.

Marketing Research

Marketing research is the systematic collection and analysis of data related to marketing problems.



Steps in Marketing Research:

1. Problem Identification

This is the first step where the marketing problem or objective is clearly defined. Correct identification helps in conducting effective research.

2. Research Design

Research design is the plan for conducting research. It decides the method of research, data sources and tools to be used.

3. Data Collection

Data collection involves gathering information from primary and secondary sources such as surveys, interviews and records.

4. Data Analysis

In this step, collected data is classified, tabulated and analyzed to draw meaningful conclusions.

5. Report Preparation

Report preparation involves presenting the research findings, conclusions and suggestions in a clear and systematic manner.

Connecting with Customers

Connecting with customers means building strong relationships by understanding their needs, preferences and expectations. Companies connect with customers through communication, customer service, feedback, and social media and personalized marketing.

The main components of connecting with customers are:

- **Customer Communication** – Sharing information through advertisements, emails, social media and direct interaction.
- **Customer Feedback** – Collecting opinions, suggestions and complaints to improve products and services.
- **Customer Engagement** – Involving customers through interaction, participation and relationship building.
- **Customer Service** – Providing timely support and solving customer problems effectively.
- **Customer Relationship Management (CRM)** – Using systems and strategies to manage and strengthen long-term customer relationships.

Analysing Consumer Markets

Consumer markets include individuals and households. Factors affecting consumer behavior:

- **Cultural Factors**

Cultural factors include culture, traditions, customs and values of society. They strongly influence a consumer's buying behaviour.

- **Social Factors**

Social factors include family, friends, social class and reference groups. They influence consumer preferences and purchasing decisions.

- **Personal Factors**

Personal factors include age, occupation, income, lifestyle and personality. These factors vary from person to person and affect buying choices.

- **Psychological Factors**

Psychological factors include motivation, perception, learning, beliefs and attitudes. They influence how consumers think and make purchasing decisions.

Analysing Business Markets

Analysing business markets refers to the study of organizations that buy goods and services for production, resale or business operations. It helps companies understand how business customers make purchasing decisions.

Business markets are different from consumer markets because purchases are usually made in large quantities, involve formal procedures and are influenced by factors such as price, quality, delivery

and long-term relationships. Understanding business markets helps firms design suitable products, pricing and marketing strategies for organizational buyers.



- **Market Structure** – Number and size of buyers, geographic concentration and demand patterns.

- **Buying Behavior** – Purchasing procedures, decision-making process and roles of buyers in organizations.

- **Demand Characteristics** – Derived demand, fluctuating demand and inelastic demand.

- **Types of Business Buyers** – Producers, resellers, government and institutions.

- **Buying Situations** – New task buying, modified rebuy and straight rebuy.

- **Business Relationships** – Long-term relationships, negotiations and partnerships between buyers and sellers.

Global Markets

Global markets refer to markets where companies buy and sell goods and services across different countries. Global marketing involves understanding international customers, cultural differences, economic conditions, legal rules and competition in foreign markets.

By operating in global markets, companies can expand their business, increase sales and gain a competitive advantage.

- **Economic Environment** – Income levels, economic growth and market potential of different countries.

- **Cultural Environment** – Language, customs, values, beliefs and consumer behavior across nations.

- **Legal and Political Environment** – Laws, trade policies, tariffs, regulations and political stability.

- **Technological Environment** – Level of technology, communication systems and digital infrastructure.

- **Competitive Environment** – Presence of global and local competitors in international markets.

- **Geographical Factors** – Climate, location, transportation and logistics affecting distribution.

Value Chain in Marketing

The value chain in marketing refers to the series of activities performed by a company to create value for customers, from product development to final delivery. These activities include product design, production, marketing, distribution and customer service.

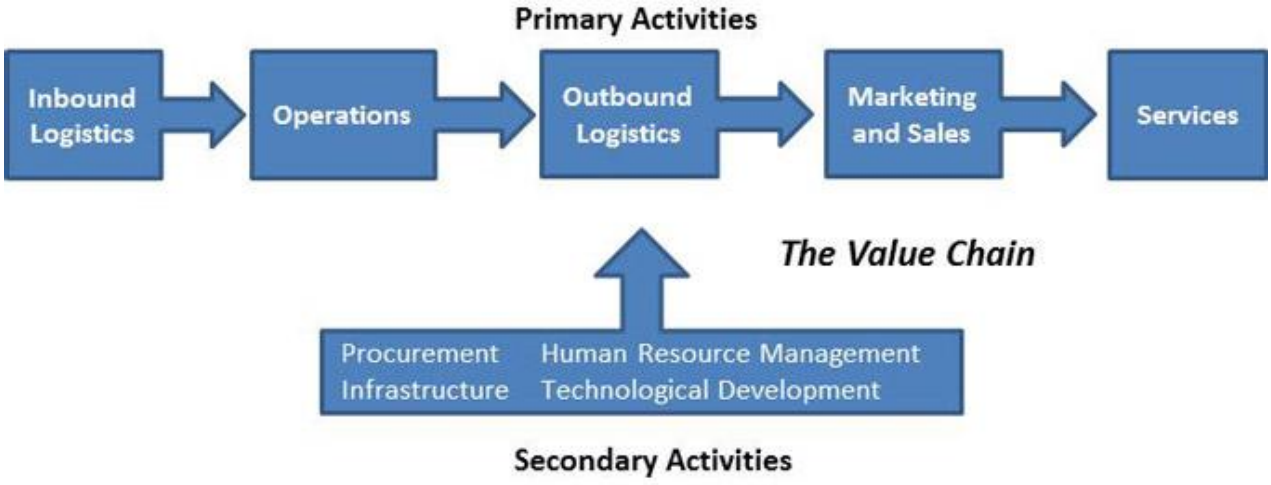
- **Inbound Logistics** – Receiving and storing raw materials and inputs.

- **Operations** – Converting inputs into finished products.

- **Outbound Logistics** – Distribution and delivery of products to customers.

- **Marketing and Sales** – Promoting products, pricing and selling to customers.

- **Customer Service** – Providing after-sales support and maintaining customer relationships.

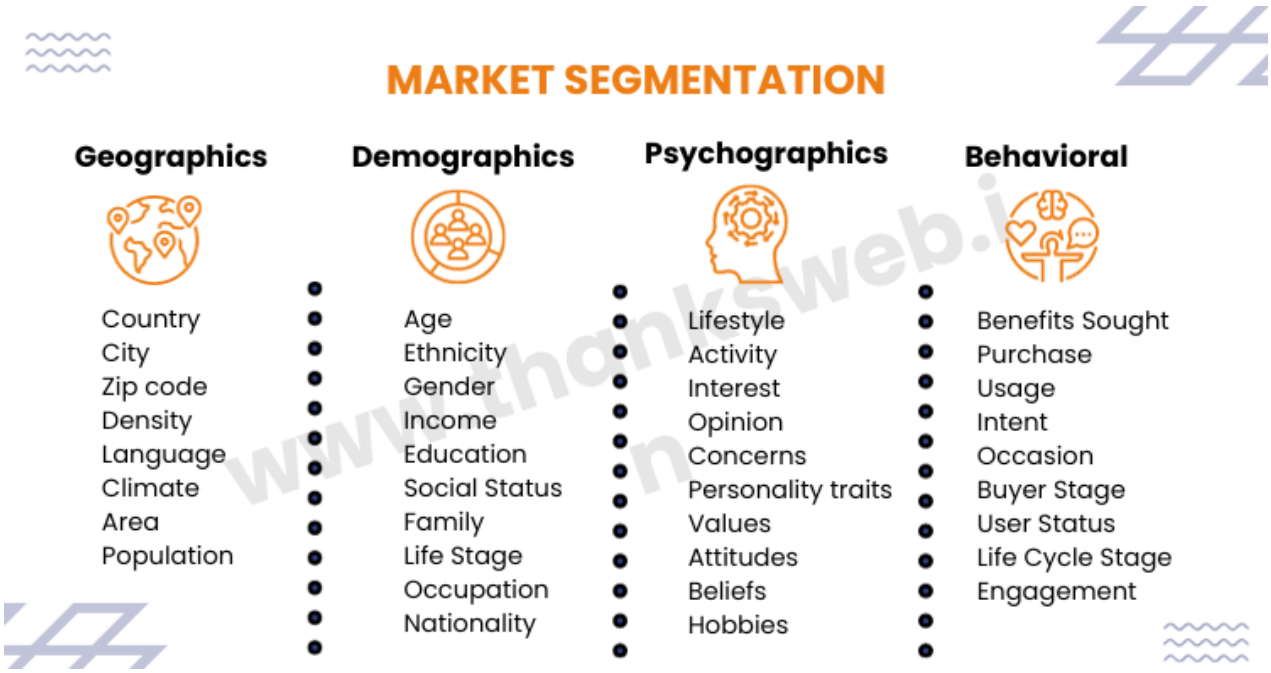


Basic Level of Marketing

Unit-III

Meaning of Market Segmentation

Market segmentation is dividing the total market into smaller groups with similar needs and characteristics.



Consumer Market Segmentation Criteria

1. Geographic Segmentation

Divides customers based on **where they live**.

Common factors

- Region (country, state, city)
- Climate (hot, cold, rainy)
- Urban vs. rural

Examples

- Selling winter jackets in cold regions
- Promoting beachwear in coastal areas
- Different menus for different countries

2. Demographic Segmentation

Groups people by **who they are statistically**.

Common factors

- Age
- Gender
- Income
- Education
- Occupation
- Family size

Examples

- Toys marketed to children
- Luxury cars aimed at high-income earners
- Skincare lines for teens vs. adults

3. Psychographic Segmentation

Focuses on **why people buy** — their mindset.

Common factors

- Lifestyle
- Values
- Interests
- Personality traits
- Attitudes

Examples

- Fitness brands targeting health-conscious consumers
- Eco-friendly products for environmentally aware buyers
- Adventure travel for thrill-seekers

4. Behavioural Segmentation

Based on **how customers interact with a product or brand**.

Common factors

- Usage rate (heavy vs. light users)
- Brand loyalty
- Purchase frequency
- Benefits sought
- Readiness to buy

Examples

- Loyalty rewards for repeat customers
- Special offers for first-time buyers
- Premium features for power users

Industrial Market Segmentation

Based on:

1. Industry Type

Segments businesses based on the **sector they operate in**.

Examples

- Manufacturing
- Healthcare
- Education
- Retail
- Technology

Example use

- Software companies offering ERP systems to manufacturing firms
- Medical suppliers targeting hospitals and clinics

2. Company Size

Groups firms by **scale and capacity**.

Common measures

- Number of employees (small, medium, large)
- Annual revenue

Examples

- Cloud tools designed for startups vs. enterprise solutions for large corporations
- Bulk pricing for large firms

3. Location

Segments businesses by **geographic area**.

Factors

- Country or region
- Urban vs. industrial zones
- Local regulations

Examples

- Exporters targeting firms in specific countries
- Logistics services focusing on port cities or industrial hubs

4. Buying Behavior

Focuses on **how organizations purchase**.

Factors

- Purchasing frequency
- Decision-making process (centralized vs. decentralized)
- Price sensitivity
- Relationship orientation (long-term contracts vs. one-time purchases)

Examples

- Long-term supply contracts for repeat buyers
- Customized solutions for relationship-driven clients

Target Market Selection

After segmentation, companies select one or more segments to serve. Strategies include:



1. Undifferentiated Marketing (Mass Marketing)

The firm targets **the entire market with one marketing mix**.

Key features

- One product
- One message
- No segmentation

2. Differentiated Marketing

The firm targets **multiple market segments**, using **different marketing mixes** for each.

Key features

- Several segments
- Different products or promotions
- Higher costs, higher coverage

3. Concentrated Marketing (Niche Marketing)

The firm focuses on **one specific market segment**.

Key features

- Single, well-defined segment
- Specialized product and promotion

New Product Development Stages



1. Idea Generation

Searching for **new product ideas** from various sources.

Sources

- Customers
- Employees
- Competitors
- Market research
- R&D

Example

- Identifying demand for eco-friendly packaging

2. Idea Screening

Filtering ideas to **eliminate weak or unprofitable ones**.

Purpose

- Reduce risk
- Save time and cost

Example

- Dropping ideas that don’t fit company objectives

3. Concept Development

Developing the idea into a **detailed product concept** and testing it with target customers.

Focus

- Product features
- Target market
- Value proposition

Example

- Turning “electric scooter” into a specific commuter solution

4. Marketing Strategy Development

Designing a **marketing plan** for the new product.

Includes

- Target market selection
- Positioning strategy
- Pricing, promotion, and distribution plans

5. Business Analysis

Evaluating the product's **commercial viability**.

Key areas

- Cost estimation
- Sales forecast
- Profitability analysis
- Break-even analysis

6. Product Development

Creating the **actual product**.

Activities

- Prototype development
- Technical testing
- Quality checks

Outcome

- A working product ready for the market

7. Test Marketing

Introducing the product in a **limited market** to study customer response.

Purpose

- Test pricing
- Test promotion
- Identify problems before full launch

8. Commercialization

Launching the product into the **full market**.

Decisions involved

- Timing of launch
- Geographic rollout
- Large-scale promotion and distribution

Basic Level of Marketing

Unit-IV

Meaning of Pricing

Pricing is the process of determining the value of a product or service. Pricing plays a key role in a firm's marketing and overall business strategy.



The main functions are:

1. Revenue Generation

Pricing is the **primary source of income** for a business and determines sales revenue and profit levels.

2. Profit Planning and Control

Proper pricing helps in:

- Covering costs
- Achieving desired profit margins
- Controlling losses

3. Market Positioning

Price helps **position the product** in the minds of customers (economy, premium, or luxury).

4. Balancing Demand and Supply

Prices influence customer demand and help balance production with market demand.

5. Competitive Tool

Pricing is used to **face competition**, such as penetration pricing or competitive pricing.

6. Survival of the Firm

During tough market conditions, flexible pricing helps firms survive by maintaining cash flow.

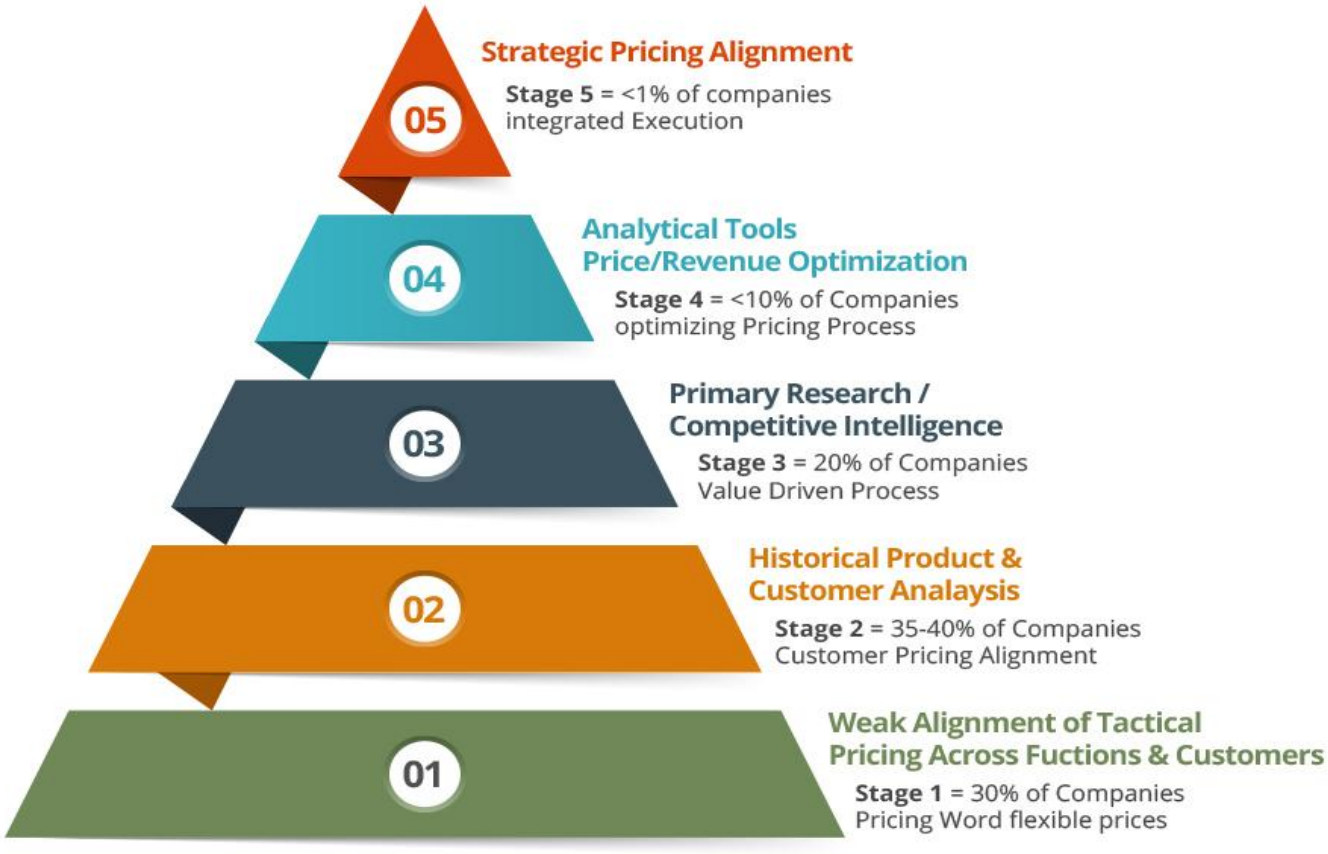
7. Consumer Satisfaction

Fair and reasonable pricing builds **customer trust and satisfaction**.

8. Image Building

Price contributes to **brand image** (low price = value brand, high price = premium brand).

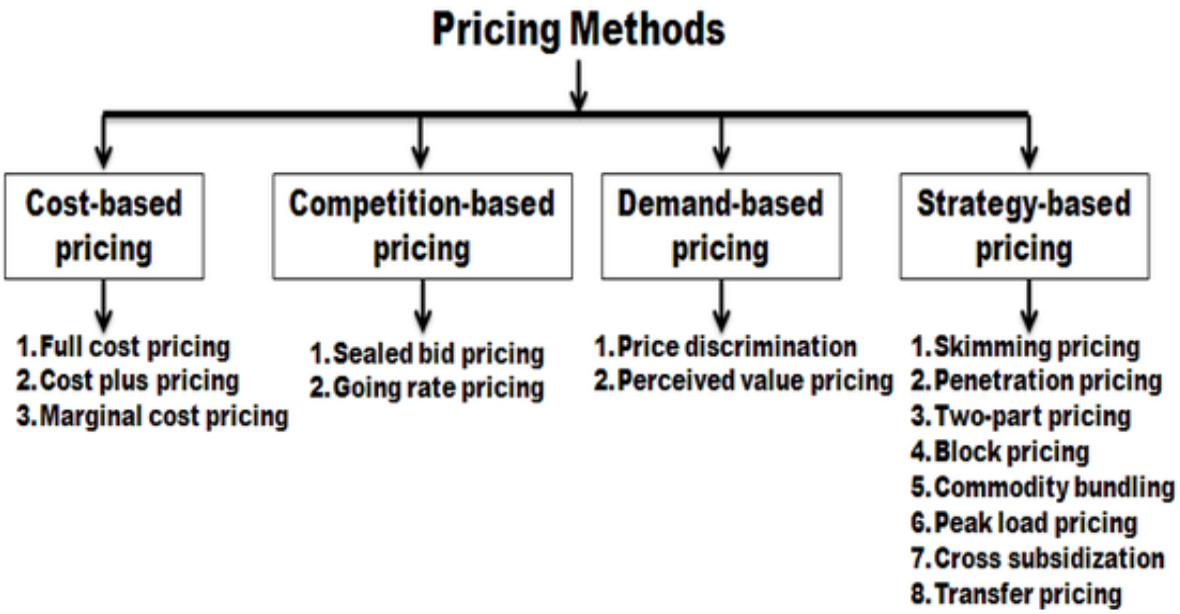
Pricing Process



1. **Setting Pricing Objectives**
   The firm decides what it wants to achieve through pricing, such as profit maximization, market share growth, survival, or quality leadership.

2. **Estimating Demand**
   The company analyzes customer demand at different price levels to understand price sensitivity and expected sales volume.
3. **Analyzing Costs**
   All costs (fixed, variable, and total costs) are calculated to ensure the price covers costs and yields a reasonable profit.
4. **Studying Competitors' Prices**
   Competitors' prices and offers are examined to decide whether to price above, below, or at the same level as rivals.
5. **Selecting the Pricing Method**
   The firm chooses an appropriate pricing method such as cost-based pricing, value-based pricing, or competition-based pricing.
6. **Final Price Decision**
   The final price is set after considering market conditions, legal factors, discounts, and psychological aspects.

Pricing Methods



1. Cost-Based Pricing

Price is set by **adding a profit margin to the total cost** of production.

Formula (basic idea)
Cost + Profit = Price

Examples

- Manufacturing cost ₹500 + profit ₹100 = price ₹600
- Common in government contracts and manufacturing firms

Advantages

- Simple to calculate
- Ensures cost recovery

2. Demand-Based Pricing

Price is determined by **customer demand and willingness to pay**.

Key idea

- High demand → higher price
- Low demand → lower price

Examples

- Airline ticket prices during peak seasons
- Movie tickets priced higher on weekends

Advantages

- Maximizes revenue
- Reflects market conditions

3. Competition-Based Pricing

Prices are set **based on competitors' prices** rather than costs or demand.

Approaches

- Pricing below competitors
- Pricing equal to competitors
- Pricing above competitors (premium)

Examples

- Mobile phone brands pricing similar models at similar rates
- Petrol prices among competing fuel stations

Advantages

- Easy to apply in competitive markets
- Helps avoid price wars

Adopting Pricing

Companies adjust prices according to market conditions and business goals.



1. Cost of the Product

Includes fixed costs, variable costs, and total cost. Price must at least cover the cost of production.

2. Demand for the Product

Customer demand and price sensitivity influence how high or low the price can be set.

3. Competition

Prices of competitors' products affect pricing decisions to remain competitive in the market.

4. Marketing Objectives

Pricing depends on business goals such as profit maximization, market penetration, or survival.

5. Government and Legal Regulations

Price controls, taxes, and legal restrictions may limit pricing freedom.

6. Distribution Channels

Margins given to wholesalers and retailers influence the final price to consumers.

7. Product Life Cycle Stage

Prices vary depending on whether the product is in introduction, growth, maturity, or decline stage.

8. Consumer Psychology

Perceived value, prestige pricing, and psychological pricing (₹99 instead of ₹100) affect buying decisions.

9. Economic Conditions

Inflation, recession, and overall economic climate influence pricing decisions.

Geographical Pricing

Prices vary based on location due to transportation and delivery costs. Geographical pricing refers to pricing decisions that vary **based on the buyer's location**.



The main components are:

1. Ex-Factory Price

Price charged at the **factory gate**.
The buyer bears all transportation and related costs.

2. FOB Pricing (Free on Board)

The seller delivers goods up to a **specific point (often port or shipping point)**.
After that, transportation cost is borne by the buyer.

3. CIF Pricing (Cost, Insurance, and Freight)

Price includes **product cost, insurance, and freight** up to the buyer's location.
Seller bears transport risk and cost until delivery.

4. Uniform Delivered Pricing

The same price is charged to all customers **regardless of location**.
Transportation cost is averaged and included in the price.

5. Zone Pricing

The market is divided into **geographical zones**, and a different price is charged for each zone.

6. Basing Point Pricing

Price is quoted including freight from a **designated basing point**, even if goods are shipped from another location.

7. Freight Absorption Pricing

The seller absorbs part or all of the **freight cost** to compete in distant markets.

Price Discounts and Allowances

Discounts encourage bulk purchases and early payments.

A. Price Discounts

1. Cash Discount

Reduction given for **prompt payment**.

Example:
2/10, net 30 (2% discount if paid within 10 days)

2. Quantity Discount

Discount offered for **bulk purchases**.

Types

- Cumulative (based on total purchases over time)
- Non-cumulative (based on single large order)

3. Trade Discount

Reduction given to **wholesalers or retailers** for performing distribution functions.

4. Seasonal Discount

Offered during **off-season periods** to stabilize demand.

Example:
Lower prices on woolen clothes in summer

5. Promotional Discount

Short-term discount to **boost sales or introduce a new product**.

B. Allowances

1. Trade-In Allowance

Price reduction given for **old items exchanged** for new ones.

Example:
Old mobile phone exchange offer

2. Advertising Allowance

Given to dealers for **advertising or promoting** the manufacturer's product.

3. Display Allowance

Offered for **special shelf space or product display** in retail stores.

4. Stock Clearance Allowance

Provided to help dealers **clear old or slow-moving stock**.

Promotional Pricing

Promotional pricing involves **temporary price reductions** to increase sales, attract new customers, or clear excess stock.

Features

- Short-term in nature
- Used during festivals, sales, or product launches

Examples

- Festive discounts
- "Buy one get one free" offers
- Limited-time price cuts

Discriminatory Pricing

Discriminatory pricing means **charging different prices to different customers for the same product**, even though the cost of production is the same.

Basis of discrimination

- Customer type
- Location
- Time of purchase

Examples

- Student discounts
- Lower movie ticket prices for matinee shows
- Different prices in different regions



Product Mix Pricing

Product mix pricing refers to **pricing strategies used when a company offers a range of related products**.



Types

- Product line pricing
- Optional product pricing
- Captive product pricing
- By-product pricing

Examples

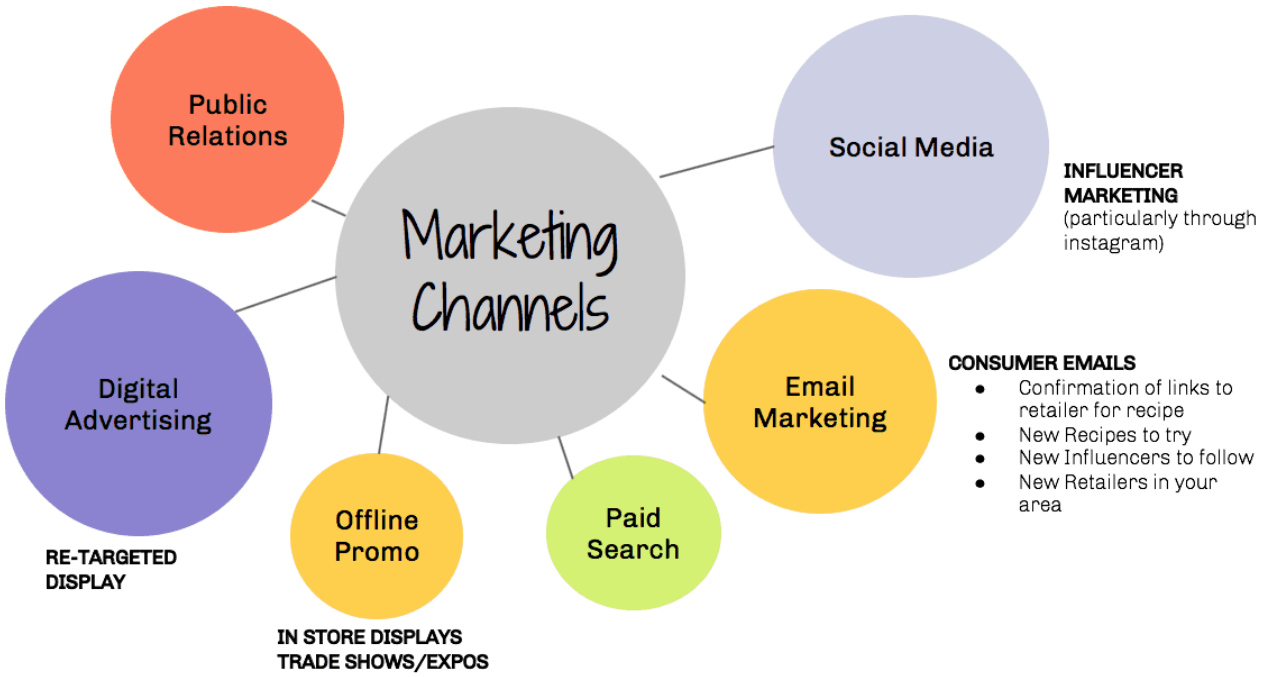
- Different prices for basic, standard, and premium versions
- Printer priced low, ink cartridges priced high

Basic Level of Marketing

Unit-V

Meaning of Marketing Channels

Marketing channels are intermediaries that help deliver products from producers to consumers.



Importance of Marketing Channels

- **Reduces Distribution Cost**

Intermediaries such as wholesalers and retailers help in bulk handling, storage, and transportation, which lowers overall distribution costs for manufacturers.

- **Improves Market Coverage**

Distribution channels enable products to reach **wide and distant markets**, including rural and remote areas, which manufacturers may not be able to serve directly.

- **Provides Customer Convenience**

Products are made available at the **right place, right time, and in convenient quantities**, making purchasing easier for customers.

Functions of Marketing Channels

- **Information**

Intermediaries collect and share market information about customers, competitors, and market trends with producers.

- **Promotion**

They help in promoting products through advertising, personal selling, demonstrations, and sales promotion activities.

- **Negotiation**

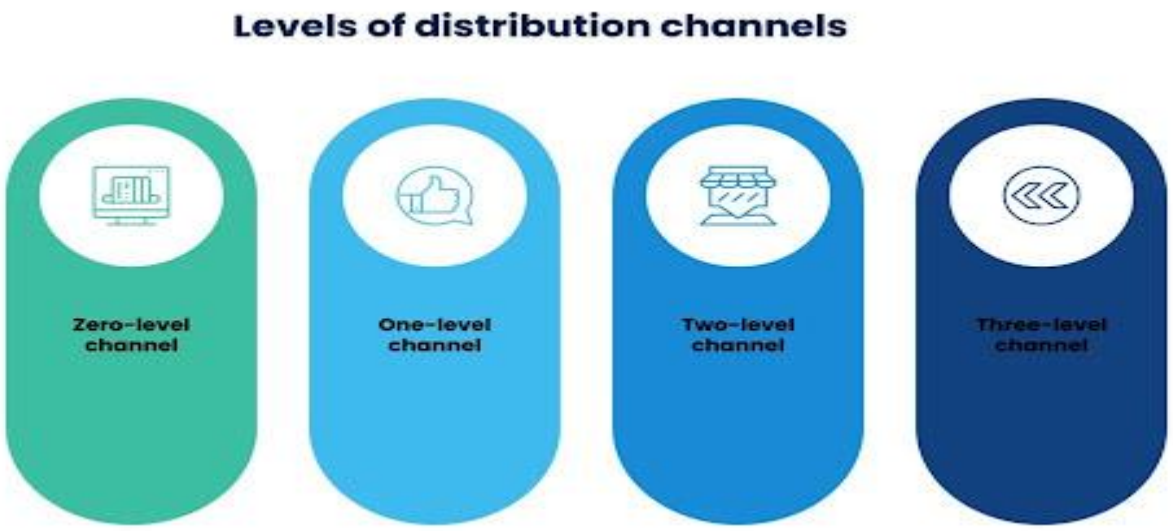
Intermediaries negotiate prices, terms of sale, discounts, and delivery conditions between manufacturers and customers.

- **Distribution**

They assist in the physical distribution of goods by performing functions such as storage, transportation, and breaking bulk.

Channel Levels

Levels of Distribution Channels



1. **Zero-Level Channel (Direct Selling)**
   The producer sells **directly to the consumer** without any intermediaries.

   Examples

   - Factory outlets
   - Online direct-to-consumer sales
   - Door-to-door selling

2. **One-Level Channel (Retailer)**
   The producer sells to **retailers**, who then sell to the final consumers.

   Examples

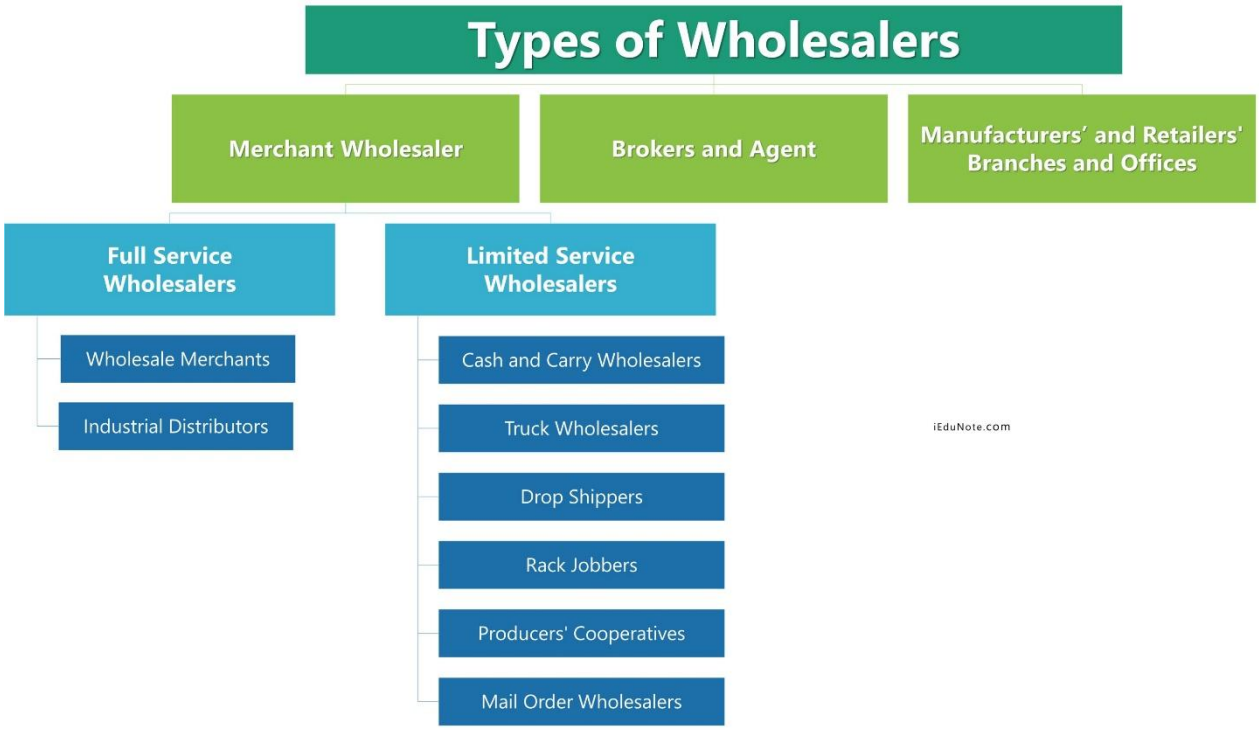
   - Consumer goods sold through supermarkets
   - Clothing brands selling via retail stores

3. **Two-Level Channel (Wholesaler + Retailer)**
   The producer sells to **wholesalers**, who supply retailers, and retailers sell to consumers.

   Examples

- FMCG products (soap, biscuits)
- Grocery and daily-use items

Types of Wholesalers



1. Merchant Wholesalers

Merchant wholesalers **buy goods in bulk, take ownership (title), and resell them** to retailers or industrial users.

Key features

- Take risk of loss or damage
- Maintain warehouses
- Earn profit through resale margins

Examples

- FMCG wholesalers supplying kirana stores
- Electronics distributors buying and reselling stock

2. Brokers and Agents

Brokers and agents **do not take ownership of goods**. They act as intermediaries between buyers and sellers and earn **commission**.

Key features

- No ownership or storage of goods
- Facilitate sales and negotiations

- Lower risk compared to merchant wholesalers

Examples

- Real estate brokers
- Commission agents in agricultural markets

Promotion

Promotion means communicating product information to customers.



Objectives of Promotion

- **Creating Awareness**

Promotion informs customers about the product, its features, price, and availability, especially for new products.

- **Increasing Sales**

Promotional activities such as advertising, sales promotion, and personal selling encourage customers to buy more, leading to higher sales volume.

- **Building Brand Image**

Consistent and effective promotion helps create a positive brand image and builds long-term brand recognition and loyalty.

Sales Promotion Tools

- **Discounts**

Temporary reduction in price to encourage immediate purchase and increase sales volume.

- **Coupons**

Certificates or codes that allow customers to get a price reduction on a future or current purchase.

- **Free Samples**

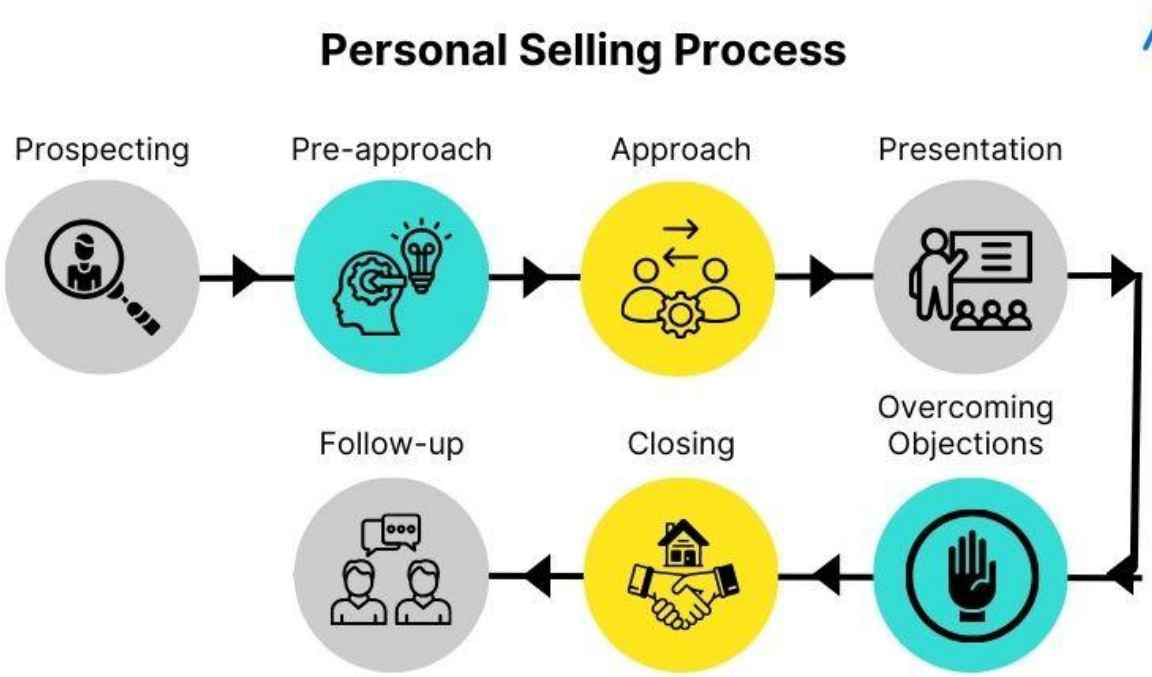
Small quantities of a product given free to customers to encourage trial and create interest.

- **Contests**

Competitive schemes where customers participate for prizes, helping increase engagement and brand awareness.

Personal Selling Process

Personal selling **is a promotional method in which a** salesperson personally interacts with potential customers **to inform, persuade, and convince them to purchase a product or service, while also building long-term customer relationships.**



Steps in the Personal Selling Process

1. **Prospecting**
   Identifying and listing potential customers who are likely to buy the product.
2. **Pre-Approach**
   Collecting information about the prospect, such as needs, preferences, and buying capacity.
3. **Approach**
   Making the first contact with the customer to create a positive impression.
4. **Presentation**
   Explaining and demonstrating the product, highlighting features, advantages, and benefits.
5. **Handling Objections**
   Listening to and resolving customer doubts or concerns regarding price, quality, or usage.
6. **Closing the Sale**
   Asking for the order and finalizing the purchase decision.

7. **Follow-Up**
   Maintaining contact after the sale to ensure customer satisfaction and build long-term relationships.