Final Assessment

Course Title: Principles of Marketing

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Student Name: Md. Jasim uddin

Student ID: 1221540021

Ans. to the: Q. N. 1

1) a) Ans: Buying decision behavior:

Four types of buying behavior

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior	variety seeking buying behavior
Few differences between brands.	Dissonance reducing buying behavior	Habitual buying behavior

Complex buying behavior is when the Consumer is highly involved in the purchase and the knowledge about significant differences between brands, it is called complex buying behavior.

1) <u>Complex buying behavior:</u> Consumers demonstrate complex buying behavior when their involvement in the purchase is high, and when they perceive significant differences among brands. Consumer's purchase involvement is high when the product is costly, risky, purchased infrequently and highly self expressive. In such a situation the consumer has much to know about the product category.

<u>For example:</u> A personal computer buyer may not know what attributes to consider. Many product features carry no real meaning: a pentium chip, super VGA resolution or 8 Megs of RAM

2) Dissonance-Reducing buying behavior:

Dissonance-Reducing buying behavior happens when consumers are highly involved with an expensive, infrequent or risky purchase but perceives little difference among brands.

For example: Consumers buying split type air conditioner may face a high-involvement decision because air conditioning is costly and self expressive. still, buyers may consider most air conditioner brands in a given price range to by the same.

Because perceived brand differences are not wide. buyers may shop around to lern what is available, but relativly quicly. They may not respond primarly to an attractive price or to purchase convenience.

3) <u>Habitual buying behavior:</u> happens when consumer involvement is low, and the perceived brand difference is low.

<u>For example:</u> take flour, consumers have insignificant involvement in this product category. They go to a store and ask for a brand. If they keep asking for the same brand, it is out of habit rather then strong brand loyalty. Consumers have low involvement with low cost, frequently purchased products.

In cases of habitual buying, consumer behavior does not follow the typical belief- attitude- behavior pattern.

4) Variety-seeking buying behavior:

Consumers undertake variety-seeking buying behavior in situations characterized by low consumer involvement, but significant perceived brand differences, In such cases, consumers often do a lot of brand switching.

For example: when buying cookies, a consumer may hold some beliefs, choose a cookie brand without much evaluation, then evaluate that brand during consumption. But the next time, the consumer might pick another brand out of boredom or try something different. Brand switching occurs for the sake of variety rather then because of dissatisfaction

b) Ans: The three levels of product are given below:-

The three product levels model by Philip kotler provides a way to understand the different levels of need a customer has for a product. The difinition of a product goes far beyond offering a simple product or service. It includes anything that can be offered to the marketplace to:

1) Capture attention

2) Acquire customers

3) Satisfy a need or want

(b)

kotler outlined that there are three ways that customer attach value to a product.

1) Need: The lack of a basic requirment. for example: the customer needs to be able to cycle to work, so they need a bicycle.

2) Want: A specific requirment for a product or service to meet a need. Taking our example further, the customer also wants a carbon fiber frame so as the bicycle is lightweight and makes their commute quicker.

3) Demand: A set of wants plus the desire and ability to pay to have them satisfied. the customer knows they need a bike, they want a carbon fiver frame.

In order to understand a product better, Kotler proposed examing each product as though it were actually three separte products- the core benefit, the actual product and the augmented product.

The product Levels → Core Benefit
→ Actual Product
→ Augmented Product

1) Core Benefit: The core benefit is the fundamental need that the customer satisfies when they buy the

product.

For example: The core benefit of a mobile phone is to provide a mechanism to make telephone calls when away from your home or office.

Note that products are rarely marketed using the core product. This is because core products offer no competitive advantage. Imagine how ridiculous it would seem if a mobile phone was advertised these days on its ability to make phone calls.

2) Actual product: The actual product is the product features and its design products typically have lots of

features but very few actual benefits to the customer.

Returning to our mobile phone example: then the actual product consists of the design and features of the phone, including:

→ Dimensions
→ Color
→ Screen size
→ Bluetooth compatibility
→ App ecosystem size
→ packaging

Any many many more features.

3) Augmented product: The augmented product is any non-physical parts of the products. Typically, the

augmented product can be an important way to tailor your product to meet the needs of specific customers.

Looking at our phone example once more, the augmented product could include a 12-month warranty for all customers. Business customers may additionally receive a 24-hour replacement service for broken phones.

Ans. to the. Q. N. 2

2) Ans: **Price:** price is the amount of money charged for a product or service. It is the sum of all the values that consumers give up in order to gain the benefits of having or using a product or service.

Price is the only element in the marketing mix that produces revenue; all other elements represent costs.

There are two pricing strategies

→ Market - skimming pricing

→ Market - Penetration pricing

Market - skimming pricing: is a strategy with high initial prices to 'skim' revenue layers from the market.

→ Product quality and image must support the price

→ Buyers must want the product at the price.

→ Costs of producing the product in small volume should not cancel the advantage of higher prices

→ Competitors should not be able to enter the market easily.

Market - penetration pricing: Sets a low initial price in order to penetrate the market quickly and deeply to attract a large number of buyers quickly to gain market share.

→ price sensitive market
→ Inverse relationship of production and distribution cost to sales growth.
→ Low prices must keep competition out of the market.

Pricing strategies

- product line pricing
- Optional product pricing
- Captive product pricing
- By-product pricing
- product bundle pricing

I prefer to skim maximum revenue of Penetration pricing strategy:

→ when you use a penetration pricing strategy. you initially charge low prices - usually lower than your competitors - then make gradual price increases as your market share grows. This helps you launch with a high volume of sales right away.

penetration pricing can be highly effective for startups and small businesses that are still working on growing their brand. Though it can certainly be risky, its a great way for you to draw in shoppers who may otherwise disregard your product or service. As you gain brand recognition, trust and a solid customer base, you can pivot to other pricing strategies that provide a higher profit.

It's vital to know that penetration pricing differs from loss leader pricing, which is illegal in many states. Whereas penetration pricing quickly increases your prices, a loss leader strategy continually uses low price points or sales to attract customers, sometimes in hopes of driving competitors out of business.

Ans to the Q. N. 3

3) Ans: Marketing: Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.
Marketing includes advertising, selling and delivering products to consumers or other business. Some marketing is done by affiliates on behalf of a company. Professionals who work in a corporations marketing and promotion departments seek to get the attention of key potential audiences through advertising.

The business buying process is split into eight stages. So the new task buying contains all of these steps. Whereas the straight or modified re-buy may skip some of them.

1) Problem recognition
2) Description of general need
3) Specification of product
4) Search of supplier
5) proposal Solicitation
6) Selection of supplier
7) Order - Routine specification
8) performance Review.

Problem Recognition: In the first stage of the business buying process A certain problem is recognized by some one in the organization. So that it can be solved through the purchase of any new product or service. Therefore the external or internal stimuli result in the creation of such a recognized problem. In the case of internal stimuli. The management of the organization may determine to manufacture a new product. Nor any production machine becomes damaged that needs certain new parts. Another internal reason may be that the supplier is not providing effective ~~goods~~ at a fair price.

Description of General need: This stage starts when a clear need has been identified by the organization. I this step description about the general need has been prepared. That shows general characteristics and the quality of the required product. In the case of simple items, this process is linear. Whereas in the case of complex items in the process involves. A team of buyers, engineers, and other professionals. Basically who work together to agree on the desired product. The significance of reliability price, durability and other features are ranked.

Specification of the product: In this stage, the organization that is involved in the business buying process. Actually prepares a detailed list of the technical specifications of the desired product. Through value analysis Conducted by the engineering team. In value analysis carefull studies are made to determine the cost reduction production process.

Search of supplier: In this step of the business buying process, the buying organization searches the suppliers. In order to make a purchase with the best one. For the purpose, a list of competitive vendors is prepared by the buying organization through the use of supplier directories. Also the aid of a computer. or contacting other organizations for obtaining recommended names. The internet is increasingly becoming a platform for such searching. Nowadays as most of the organizations are entering into this virtual world.

Proposal Solicitation: In this stage, the suppliers are asked to submit their proposals. In some cases, some suppliers send only their salespersons or simple catalogs. However, when the desired product is more expensive and complex. Than proper formal presentations and detailed written proposals are required from the qualified suppliers. So the marketers of business organizations should also be skillful in writing. As well as in presentation of business proposals to the buying organizations.

Selection of Suppliers: At this stage, the final supplier is selected from the list of potential suppliers. who have submitted their proposals to the buying organization. So the selection team of the buying organization reviews the proposals of all suppliers.

So the following are some of the main attributes that serve as the basis for the selection of potential suppliers.

→ Quality of product

→ Delivery time

→ Ethical corporate behaviour

→ Reasonable price

→ Honest communication

→ Past performance and reputation

→ Repair and maintenance service

Order - Routine specifications: The order routine specifications are prepared in this step. Actually which contains the order having a final list of the specifications, the selected supplier. Also delivery time, quantity required, price and repair and maintenance services.

Performance Review: This is the last stage of the business buying process in which the performance of the supplier is reviewed by the buying organization. For this purpose the buying organization contacts the customers. As well as users of the purchased product and asks them to provide their experience of using that product

Ans: to the Q. N. 4

a) Ans: PLC Strategies: The product life cycle Contains four distinct stage.

1) Introduction
2) Growth
3) Maturity
4). Decline

1) Introduction Stages: Marketing strategies used in the introduction stages include:

→ Rapid skimming:- launching the product at a high price and high promotional level.

→ Slow skimming:- launching the product at a high price and low promotional level.

→ Rapid penetration:- launching the product at a low price with significant promotion.
→ Slow penetration:- launching the product at a low price and minimal promotion.
→ During the introduction stage, you should aim to:
→ establish a clean brand identity
→ Connect with the right partners to promote your product.
→ Set up consumer tests, or provide samples or trials to key target markets.

2) product growth strategies: Marketing strategies used in the growth stage mainly aim to increase profits. Some of the common strategies to try are.
→ Improving product quality
→ adding new product features or support services to grow your market share.
→ entering new markets segments.

→ keeping pricing as high as is responsible to keep demand and profits high.
→ Increasing distribution channels to cope with growing demand.

3) Product maturity strategies:

When your sales peak, your product will enter the maturity stage. This often means that your market will be saturated and you may find that you need to change your marketing tactics to prolong the life cycle of your product. Common strategies that can help during this stage fall under one of two categories:
→ Market modification- this includes entering new market segments

redefining, target markets, winning over competition's customers, converting non-users.

→ product modification: for example, adjusting or improving your product's features, quality, pricing and differentiating it from other products in the marking.

4) <u>product declining strategies:</u>

→ Reduce your promotional expenditure on the products.

→ Reduce the number of distribution outlets that sell them.

→ Implement price cuts to get the customers to buy the product.

→ Find another use for the product.

→ Maintain the product and wait for competitors to withdraw from the market first.

B) <u>Buzz Marketing:</u> Buzz marketing is a viral marketing technique focused on maximizing the word-of-mouth potential of a campaign or product. These strategies can spur conversations among consumers, family and friends or larger-scale discussions on social media platforms. By getting consumers talking about their products and services, companies that employ buzz marketing hope to grow awareness through more online traffic and increase sales and profits.

A buzz marketing example would be if a Company promoted its product through a show or stunt where consumers can try the product and share their experiences through everyday conversation or online. Another term for buzz marketing is astroturfing.
Social media marketing is a main component of buzz marketing. Facebook and Twitter are two of the leading social media platforms where companies seek to maintain a presence. Using these and other social media sites companies can do the following:-

→ Interact with customers
→ Receive feedback
→ Address issues or concerns
→ Promote products and services.

Examples of buzz marketing:

Examples of buzz marketing include companies creating online videos, centered around something humorous, controversial, unusual or outrageous. In doing this they hope to cause a sensation and get people talking about the video, sharing it via social media and driving up views on websites such as youtube.

1) ALS Ice bucket challenge
2) Dell on campus
3) Super bowl commercials
4) Wendy's

c) Ans: Marketing Myopia: Marketing myopia is a situation when a company has a narrow-minded marketing approach and it focuses mainly on only one aspect out of many possible marketing attributes. A brand focusing on the development of high-quality products for customers who disregard quality and only focus on the price is a classic example of marketing myopia. Marketing myopia strikes in when the short term marketing goals are given more importance than the long term goals.

Examples of marketing Myopia:

Here are some companies that are suffering from or have suffered from marketing myopia.

→ Kodak lost much of its share to Sony camera when digital cameras boomed and Kodak didn't plan for it.

→ Nokia losing its marketing share to android and IOS.

→ Hollywood didn't even tap the television market as it was focused just on movies.

→ Yahoo! (worth \$100 billion dollars in 2000) lost to google and was bought by Verizon at approx. \$5 billion (2016).

D) Ans: <u>Pull vs push strategy:</u>

<u>Pull marketing</u> is often the primary business strategy for companies looking to:

→ Ensure long term business growth

→ Maintain dominance in a specific niche or industry

→ Build a return customer base or improve loyalty

→ To promote brand recognition with customer engagement and visibility

→ Increase social media traffic as well as social media sharing.

→ Grow traffic to their site across organic, referral and social segments.

→ Improve sales and revenue affordably, without an expensive ad budget.

<u>Push marketing</u>: In push marketing the goal is to bring your brand or products to your customers.

→ When launching a new business or website without a reputation.
→ When releasing new products
→ During holidays or seasonal events
→ For sales and temporary promotional campaigns.
→ When expanding to a new niche
→ To generate cash-flow or sales quickly.
→ To help clean out product stock before the end of a season.
→ To help promote brand recognition when competing against a dominant competiton.
→ Just a general, when a trying to subsidize a multi-channel strategy