

Victory University
of
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Course Title : Principles of
Marketing

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Ans to ques no - 1

Not all customers are same. There are 4 kinds of customers into relationship groups according to profitability and projected loyalty. They are -

☐ **Strangers**: Low loyalty and profitability.

☐ **Barnacles**: High loyalty and low profitability.

☐ **Butterflies**: Low loyalty and high profitability.

☐ **True friends**: High loyalty and high profitability.

1. Stranger: Strangers are customers

that don't shop particularly regularly or have a particularly high customer lifetime value.

2. Barnacles: Barnacles are customers that have a low overall spend and customer lifetime value, yet remain customer base for longer than most customers.

3. Butterflies: Butterflies require very little effort and while not necessarily brand ambassadors, spend a large amount of money on products in comparison to other customers.

4. True Friends: They love and appreciate our brand as much as we do. These guys are where we should or we get our inspiration.

Breaking customers into these 4 customer relationship groups and then segmenting further within these groups is far wiser than immediately segmenting regardless of customer lifetime value or potential profitability.

Ams. to ques no-2

The product / market expansion grid with the limitation of BCG growth share matrix is explained below-

One of the main limitations of the BCG matrix is that it relies on some assumptions and simplifications that may not hold true in reality.

For example, it assumes that market share and market growth are the only two factors that determine the profitability and attractiveness of a product or business unit.

The BCG growth share matrix contains four distinct categories. These

are -

(i) Dogs

(ii) Cash cows

(iii) Stars

(iv) Question marks.

The matrix helps companies decide how to prioritize their various business activities.

Ams to ques no-3(a)

Marketing Myopia: Marketing Myopia refers to a narrow minded approach to marketing where in businesses focus excessively on their products or services rather than understanding and catering to the needs and desires of their customers.

Examples of Marketing Myopia are given below -

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

2. Nokia loosing its marketing

Share to IOS and android.

* 3. Yahoo!

Ans. to ques no- 3(b)

Macro marketing is often considered alongside micro marketing. Unlike micro marketing, which focuses on society at large, micro marketing focuses on marketing products or services to a small group of highly targeted consumers who are selected based on specific identifying characteristics - such as ZIP Code or job title.