##### ***Victoria University of Bangladesh***

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##### Course Title : Principles of Marketing

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*Submitted By: Muzahid -ul- islam*

*ID no : 1120500021*

*Department of BBA*

Ans to the question no.1

In a banking context, customers can be classified into different relationship groups based on their profitability and projected loyalty. Here's how this classification might look:

**1.High-Profit, High-Loyalty Customers:** These are the most valuable customers who generate significant revenue and consistently demonstrate loyalty to the brand. They are likely to purchase frequently, spend more per transaction, and remain loyal over the long term.

Example: Mr. Sobuj, who holds multiple accounts, invests in various financial products, and regularly seeks advice from the bank's financial advisors. Despite having opportunities to switch to other banks, Mr. Sobuj remains loyal due to the personalized service and exclusive benefits he receives.

**2.High-Profit, Low-Loyalty Customers:** These customers contribute significantly to the company's revenue but may not exhibit strong loyalty or repeat purchase behavior.They may be price-sensitive or opportunistic, switching between brands based on promotions or discounts.

Example: Mr. Laden, a corporate client who conducts large transactions and utilizes several banking services. While Mr. Laden values the bank's competitive rates and efficient services, he is open to exploring offerings from other banks if they provide better terms or incentives.

**3.Low-Profit, High-Loyalty Customers:** While these customers may not individually generate high revenue, they demonstrate strong loyalty and advocacy for the brand. They are often brand enthusiasts who regularly engage with the company, refer others, and provide valuable feedback.

Example: The Hoque family, who maintains basic checking and savings accounts with the bank for many years. While their account balances may not be significant, the bank benefits from the stability and reliability of their relationship, as well as the potential for future growth as their financial needs evolve.

**4.Low-Profit, Low-Loyalty Customers:** These customers represent the least desirable segment, as they neither contribute significantly to revenue nor exhibit loyalty to the brand. They may make infrequent purchases, be highly price-sensitive, or have a negative perception of the brand.

Example: Mr. Kashem, who holds a single checking account with minimal activity and rarely engages with additional banking services. Mr. Kashem is indifferent to which bank he uses and may switch to a competitor if offered slightly better terms or convenience.

Ans to the question no.2

The Product/Market Expansion Grid, also known as the Ansoff Matrix, is a strategic tool used by businesses to analyze growth opportunities by considering both existing and new products and markets. It consists of four growth strategies:

**1. Market Penetration:** This strategy involves selling more of the existing products or services to the current market segments. It focuses on increasing market share, improving customer retention, and driving sales through tactics such as pricing adjustments, promotional campaigns, and enhancing distribution channels.

**2. Market Development:** Market development entails introducing existing products or services to new market segments. This could involve targeting new geographic areas, demographic groups, or customer segments. It often requires adapting the product or modifying marketing strategies to suit the needs and preferences of the new market.

**3. Product Development:** Product development involves creating new products or services for existing market segments. This strategy aims to meet evolving customer needs, enhance product offerings, and differentiate the brand from competitors. It may involve innovation, research and development, and product diversification efforts.

**4. Diversification:** Diversification is the most risky strategy and involves entering entirely new markets with new products or services. This could include unrelated diversification, where the company enters a completely different industry, or related diversification, where the new products or markets have some synergy with the existing business.

Now, moving on to the limitations of the BCG Growth-Share Matrix:

**1. Simplistic View of Business:** The BCG matrix categorizes businesses into four simplistic categories (Stars, Cash Cows, Question Marks, and Dogs) based solely on market share and market growth rate, neglecting other important factors such as competitive dynamics, industry trends, and strategic capabilities.

**2. Focus on Relative Market Share and Market Growth:** The BCG matrix focuses primarily on relative market share and market growth rate, overlooking other key determinants of profitability and competitive advantage, such as product quality, brand equity, customer loyalty, and technological innovation.

**3. Static Analysis:** The BCG matrix provides a static snapshot of businesses at a specific point in time and does not account for changes in market conditions, industry dynamics, or competitive landscape over time. It fails to capture the dynamic nature of business environments and the need for continuous adaptation and strategic renewal.

**4. Limited Strategic Prescriptions:** The BCG matrix offers limited strategic prescriptions for businesses, primarily recommending strategies such as investing in Stars, milking Cash Cows, divesting Dogs, and deciding on the future of Question Marks. However, it does not provide detailed guidance on how to implement these strategies effectively or how to address complex strategic challenges.

Overall, while the BCG Growth-Share Matrix provides a useful framework for understanding the portfolio of businesses and allocating resources, it should be used in conjunction with other strategic tools and frameworks to make well-informed decisions and develop robust growth strategies.

Ans to the question no.3

**a) Marketing Myopia:**

Marketing myopia refers to a short-sighted focus on selling specific products or services rather than understanding and meeting the broader needs of customers. It occurs when companies define their business too narrowly, leading to missed opportunities for growth and innovation.

Example: Kodak, once a dominant player in the photography industry, suffered from marketing myopia by focusing solely on selling film and cameras rather than recognizing the broader shift towards digital photography and imaging solutions. As a result, Kodak failed to adapt to changing consumer preferences and technological advancements, ultimately leading to its decline and bankruptcy.

**b) Differentiate Macro from Micro marketing.**

**Macro marketing** refers to the broad activities and strategies employed by companies to target large-scale markets and societal trends. It focuses on understanding the overall market environment, including economic, social, cultural, and political factors. An example of macro marketing is how a global beverage company like Coca-Cola adjusts its marketing strategies in different countries based on cultural preferences and economic conditions.

**Micro marketing**, on the other hand, involves tailoring marketing efforts to specific individuals or small groups. It emphasizes personalized communication and customized offerings to meet the unique needs and preferences of customers. An example of micro marketing is how an online retailer like Amazon uses personalized recommendations based on past purchases and browsing history to target individual customers with relevant products.