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**BIYANI INSTITUTE OF SCIENCE AND MANAGEMENT**

 **MBA II Sem**

 **MODEL ANSWER PAPER-2018**

 **MARKETING MANAGEMENT**

**“SECTION A”**

**1. Define Marketing? Give detail of elements marketing.**

Ans. Marketing is defined by the [American Marketing Association](https://en.wikipedia.org/wiki/American_Marketing_Association) as *"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."* The term developed from the original meaning which referred literally to going to market with goods for sale. From a [Sales process engineering](https://en.wikipedia.org/wiki/Sales_process_engineering) perspective, marketing is *"a set of processes that are interconnected and interdependent with other functions"* of a business aimed at achieving customer interest and satisfaction

### Product:

The concept of product in a marketing plan deals with finding the right product for your target market. The product must be something desired by the intended customer. A target market can be a certain age group of people, such as young adults; people of a certain geographic area, the Midwest or Southeast, for example; or people of a certain income level, incomes greater than $50,000 per year. The target market for your product could also be a very specific combination of these criteria. For instance, an electronic game manufacturer can target young adults with an income more than $50,000 per year living in metropolitan areas. Companies often conduct surveys to determine products desired by specific target markets.

### Price

Price is a very important element of the marketing mix. The company must create something of value for the consumer. The product must be one that the consumer is willing to pay a predetermined price for. Analysis is necessary to determine the price customers are willing to pay for a specific product. If your price is too low, you will not realize a profit. However, pricing higher than the other market suppliers of the product leads to decreased sales, also resulting in a loss for the company.

### Place

Selling your product in the correct place is another important aspect of the marketing mix. No matter how good your product or service is, if the customer cannot find it, no purchases will be made. To determine the proper place to market your product, you must determine where the target audience is shopping for similar purchases. This might be in a brick-and-mortar storefront location or through an Internet store.

### Promotion

Once you have determined what product you will sell, the price you will charge and the place you will sell it, you must tell people about it. This is where promotion comes in. There are multiple mediums available to promote a product or service to your target consumers, including word of mouth, newspapers and other print publications, television, radio ads and Internet advertising. The money you have available to spend for promotion can determine which means you use. A small business with a limited advertising budget can print and distribute low-cost fliers rather than spending money on expensive radio or television ads.

**Lately three more P’s have been added to the marketing mix. They are as follows:**

* **People -** The individuals involved in the sale and purchase of products or services come under people.
* **Process -** Process includes the various mechanisms and procedures which help the product to finally reach its target market
* **Physical Evidence -** With the help of physical evidence, a marketer tries to communicate the USP’s and benefits of a product to the end users

### Four C’s of Marketing Mix

Now a days, organizations treat their customers like kings. In the current scenario, the four C’s has thus replaced the four P’s of marketing making it a more customer oriented model. Koichi Shimizu in the year 1973 proposed a four C’s classification.

* **Commodity -** (Replaces Products)
* **Cost -** (Replaces Price) involves manufacturing cost, buying cost and selling cost
* **Channel -** The various channels which help the product reach the target market.
* **Communication -** (Replaces Promotion)

**Question 2: Explain in detail MIS?**

## Ans. *Management information system* (*MIS*) refers to the processing of information through computers and other intelligent devices to manage and support managerial decisions within an organization. The concept may include systems termed [transaction processing system](https://en.wikipedia.org/wiki/Transaction_processing_system), [decision support system](https://en.wikipedia.org/wiki/Decision_support_system), [expert system](https://en.wikipedia.org/wiki/Expert_system), or [executive information system](https://en.wikipedia.org/wiki/Executive_information_system). The term is often used in the academic study of businesses and has connections with other areas, such as [information systems](https://en.wikipedia.org/wiki/Information_system), [information technology](https://en.wikipedia.org/wiki/Information_technology), [informatics](https://en.wikipedia.org/wiki/Informatics), [e-commerce](https://en.wikipedia.org/wiki/E-commerce) and [computer science](https://en.wikipedia.org/wiki/Computer_science); as a result, the term is used interchangeably with some of these fresh cut areas

### Making Decisions

The main purpose of a management information system is to make managers' decision-making more efficient and productive. By pooling information from a range of sources into a single database and presenting the information in a logical format, an MIS can provide managers with everything they need to make highly informed decisions and perform in-depth analysis of operational issues.

### Collecting Information

An MIS can be developed to collect nearly any type of information managers require. They can view financial data such as daily revenues and expenses at a glance and attribute them to specific departments or groups. Performance indicators such as the timeliness of projects or the quality of products coming off an assembly line can help managers pinpoint areas of needed improvement. Staff can manage schedules for work shifts, incoming deliveries and outgoing shipments from any place linked to the MIS.

A management information system can facilitate collaboration and communication as well. Employees can edit and share documents and communicate relevant information on anticipated developments and warnings across the organization.

### Compiling Reports

One of the most valuable features of a management information system is its ability to pull in internal and external data from a variety of sources and present it in an easy to analyze format. Internal reports present information in a way that managers can understand, by including all relevant data and grouping data in a logical manner. For example, a report viewed by a corporate manager for a restaurant chain may show revenue, expenses, labor-hours and volume of each outlet, allowing him to see which store makes the most money per employee on the floor and which stores have higher expenses compared to revenue and volume--an indicator of waste or theft.

Non-profit organizations can use an MIS to automatically generate reports required by the federal government. This allows employees and volunteers to focus their time on more productive activities and can reduce errors and the costs associated with resubmitting federal reports.

### Front-Line Benefts

Front-line employees can use an MIS to perform their jobs more effectively as well. For example, employees at all levels can consult an MIS to check on the status of inventory items, view stats related to their specific department or group and request internal transfers of materials.

### Compiling Data

A management information system can be a costly investment. In addition to purchasing an MIS software package, customizing the system and hiring extra IT personnel to oversee and maintain the system, a company must train all employees to use the system. Front-line employees often perform the first two steps in an MIS, data collection and input, leaving them with less time to focus on productive activities; this can increase overall salary expenses. Weigh the costs of an MIS against the potential benefits before implementing this tool in your small business.

## **What is an MIS Report?**

Pretend you are the manager of a medium-sized company's customer service department. Your staff takes phone calls and emails from over 300 customers every day. For the most part, they do a very good job, but recently, customers have started to complain that it takes too long to get their questions answered. Upper management at your company is concerned about this and wants to know what they can do to fix the problem. But before they make a decision, they need you to give them more information. How will you do this?

This is where **MIS reports** come in. MIS stands for management information system. Business managers at all levels of an organization, from assistant managers to executives, rely on reports generated from these systems to help them evaluate their business' daily activities or problems that arise, make decisions, and track progress. MIS system reporting is used by businesses of all sizes and in every industry.

**Businesses use different types of information systems, and these include;**

* *Management Information System (MIS)*
* *Marketing Information System (MIS)*
* *Office Automation System (OAS)*
* *Decision Support System (DSS)*
* *Executive Information System (EIS)*
* *Enterprise Resource Planning (ERP)*
* *Knowledge Management System (KMS)*

Q 3 What do you mean by positioning a service? Discuss in detail the basis of argeting.

**Answer.** Pricing is often one of the most difficult things to get right in business. There are several factors a business needs to consider in setting a price:

* **Competitors** – a huge impact on pricing decisions. The relative market shares (or market strength) of competitors influences whether a business can set prices independently, or whether it has to follow the lead shown by competitors
* **Costs**– a business cannot ignore the cost of production or buying a product when it comes to setting a selling price. In the long-term, a business will fail if it sells for less than cost, or if its gross profit margin is too low to cover the fixed costs of the business.
* **The state of the market for the product** – if there is a high demand for the product, but a shortage of supply, then the business can put prices up.
* **The state of the economy** – some products are more sensitive to changes in unemployment and workers wages than others. Makers of luxury products will need to drop prices especially when the economy is in a downturn.
* **The bargaining power of customers in the target market**– who are the buyers of the product? Do they have any bargaining power over the price set? An individual consumer has little bargaining power over a supermarket (though they can take their custom elsewhere). However, an industrial customer that buys substantial quantities of a product from a business may be able to negotiate lower or special prices.
* **Other elements of the marketing mix**– it is important to understand that prices cannot be set without reference to other parts of the marketing mix. The distribution channels used will affect price – different prices might be charged for the same product sold direct to consumers or via intermediaries. The price of a product in the decline stage of its product life-cycle will need to be lower than when it was first launched.

Whether you are starting out or starting over, here are five factors to consider when pricing your products and services.

## **1. Costs**

First and foremost you need to be financially informed. Before you set your pricing, work out the costs involved with running your business. These include your fixed costs (the expenses that will come in every month regardless of sales) and your direct costs (the expenses you incur by producing and delivering your products and services).

## **2. Customers**

Know what your customers want from your products and services. Are they driven by the cheapest price or by the value they receive? What part does price play in their purchase decision?

 Also look at what you are selling, are your current customers buying high-end or low-end products and services? This information will help you determine if your price is right, what level of service or inclusions you should be offering and lastly if you are targeting the right market. It may be that you need to change your market to make your business more profitable.

## **3. Positioning**

Once you understand your customer, you need to look at your positioning. Where do you want to be in the marketplace? Do you want to be the most expensive, luxurious, high-end brand in your industry, the cheapest, beat it by 10% brand or somewhere in the middle? Once you have decided, you will start to get an idea of your ideal pricing.

## **4. Competitors**

This is one of the key times you can give yourself permission to do a little competitor snooping. What are they charging for different products and services? What inclusions and level of service are they offering for those prices? What customers are they attracting with their pricing? And how are they positioned in the marketplace? The answers to these questions will give you an industry benchmark for your pricing.

## **5. Profit**

One of the most important questions business owners neglect to ask themselves is, “How much profit do I want to make?” They tend to look at what others charge and then pull a figure out of the air to be competitive without giving consideration to how much profit they want and need.

**4 Explain marketing environment which effect the business plans?**

**Answer:**



**Various factors affecting marketing function.**

The environmental factors that are affecting marketing function can be classified into :

1) **Internal environment** and

2) **External environment**

**Internal Environment of Marketing :**

This refers to factors existing within a marketing firm. They are also called as controllable factors, because the company has control over these factors :

a) it can alter or modify factors as its personnel, physical facilities, organization and function means, such as marketing mix, to suit the environment.

There are many internal factors that influence the marketing function, they are :

**Top Management** : The organizational structure, Board of Director, professionalization of management..etc..Factors like the amount of support the top management enjoys from different levels of employees, shareholders and Board of Directors have important influence on the marketing decisions and their implementation.

**Finance and Accounting**: Accounting refers to measure of revenue and costs to help the marketing and to know how well it is achieving its objectives.Finance refers to funding and using funds to carry out the marketing plan. Financial factors are financial polices, financial position and capital structure.

**Research and Development** : Research and Development refers to designing the product safe and attractive. They are technological capabilities, determine a company ability to innovate and compete.

**Manufacturing** : It is responsible for producing the desired quality and quantity of products.Factors which influence the competitiveness of a firm are production capacity technology and efficiency of the productive apparatus, distribution logistics etc.,

**Purchasing** : Purchasing refers to procurement of goods and services from some external agencies. It is the strategic activity of the business.

**Company Image and Brand Equity** : The image of the company refers in raising finance, forming joint ventures or other alliances soliciting marketing intermediaries, entering purchase or sales contract, launching new products etc.

In organization, the marketing resources like organization for marketing, quality of marketing, brand equity and distribution network have direct bearing on marketing efficiency. They are important for new product introduction and brand extension, etc..

**External Environment of Marketing.**

External factors are beyond the control of a firm, its success depends to a large extent on its adaptability to the environment.

The external marketing environment consists of :

a) Macro environment, and

b) Micro environment

a) **Micro environment:** The environmental factors that are in its proximity. The factors influence the company’s non-capacity to produce and serve the market.The factors are :

1) **Suppliers:** The suppliers to a firm can also alter its competitive position and marketing capabilities. These are raw material suppliers, energy suppliers, suppliers of labor and capital.According to michael Porter, the relationship between suppliers and the firm epitomizes a power equation between them. This equation is based on the industry condition and the extent to which each of them is dependent on the other.

**The bargaining power of the supplier gets maximized in the following situations:**

a) The seller firm is a monopoly or an oligopoly firm.

b) The supplier is not obliged to contend with other substitute products for sale to the buyer group.

c) The buyer is not an important customer.

d) The suppliers’ product is an important input to the buyer’s business and finished product.

e) The supplier poses a real threat of forward integration.

2) **Market Intermediaries :** Every producer has to have a number of intermediaries for promoting, selling and distributing the goods and service to ultimate consumers. These intermediaries may be individual or business firms. These intermediaries are middleman (wholesalers, retailers, agent’s etc. ), distributing agency market service agencies and financial institutions.

3)**Customers** : The customers may be classified as :

1) **Ultimate customers:** These customers may be individual and householders.

2) **Industrial customers:** These customers are organization which buy goods and services for producing other goods and services for the purpose of other earning profits or fulfilling other objectives.

3)**Resellers:** They are the intermediaries who purchase goods with a view to resell them at a profit. They can be wholesalers, retailers, distributors, etc.

4) **Government and other non-profit customers:** These customers purchase goods and services to those for whom they are produced, for their consumption in most of the cases.

5) **International customers:** These customers are individual and organizations of other countries who buy goods and services either for consumption or for industrial use. Such buyers may be consumers, producers, resellers, and governments.

6 )**Competitors:** Competitors are those who sell the goods and services of the same and similar description, in the same market. Apart from competition on price, there are like product differentiation. Therefore, it is necessary to build an efficient system of marketing. This will bring confidence and better results.

7) **Public:** It is duty of the company to satisfy the people at large along with its competitors and the consumers. It is necessary for future growth.The action of the company do influence the other groups forming the general public for the company. A public is defined as ‘any group that has an actual or potential interest in or impact on a company’s ability to achieve its objective.’ Public relations are certainly a broad marketing operation which must be fully taken care of.

**Macro Environment:**

Macro environment factors act external to the company and are quite uncontrollable. These factors do not affect the marketing ability of the concern directly but indirectly the influence marketing decisions of the company.

These are the macro environmental factors that affect the company’s marketing decisions :

a) **Demographic Forces:** Here, the marketer monitor the population because people forms markets. Marketers are keenly interested in the size and growth rate of population in different cities, regions, and nations ; age distribution and ethnic mix ; educational levels; households patterns; and regional characteristics and movements.

b)**Economic Factors:** The economic environment consists of macro-level factors related to means of production and distribution that have an impact on the business of an organization.

c) **Physical Forces:** Components of physical forces are earth’s natural renewal and non-renewal resources. Natural renewal forces are forest, food products from agriculture or sea etc. Non- renewal natural resources are finite such as oil, coal, minerals, etc. Both of these components quite often change the level and type of resources available to a marketer for his production.

d) **Technological Factors:** The technological environment consists of factors related to knowledge applied, and the materials and machines used in the production of goods and services that have an impact on the business of an organization.

e) **Political and Legal Forces:** Developments in political and legal field greatly affect the marketing decisions. sound marketing decision cannot be taken without taking into account, the government agencies, political party in power and in opposition their ideologies, pressure groups, and laws of the land. These variables create tremendous pressures on marketing management. Laws affect production capacity, capability, product design, pricing and promotion. Government in almost all the country intervenes in marketing process irrespective of their political ideologies.

f) **Social and Cultural Forces**: This concept has crept into marketing literature as an alternative to the marketing concept. The social forces attempt to make the marketing socially responsible. It means that the business firms should take a lead in eliminating socially harmful products and produce only what is beneficial to the society. These are numbers of pressure groups in the society who impose restrictions on the marketing process.