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**SEMESTER 2ND (B)**

**SUBJECT PRINCIPLES OF MARKETING**

**SUBMITTED TO SHOALA RASHEED KHAN**

**Q1. Explain a five-stage Buying decision process in detail? Must be in your own words.**

**ANSWER:**

Buyer decision process (or customer buying process) helps markets to identify how consumers complete the journey from knowing about a product to making the purchase decision.

Understanding the customer’s buying process is essential for marketing and sales.

The buyer decision process will enable to set a marketing plan that convinces them to purchase the product or service for fulfilling the buyer’s or consumer’s problem.

Consumers go through 5 stages in taking the decision to purchase any goods or services.

Problem Recognition.

Information Search.

Evaluation of Alternatives.

Purchase Decision.

Post-Purchase Evaluation.

**1** **Need or Problem Recognition**

During need or problem recognition, the consumer recognizes a problem or need that could be satisfied by a product or service in the market.

Problem Recognition is the first stage of the buyer decision process.

At this stage, the consumer recognizes a need or problem. The buyer feels a difference between his or her actual state and some desired state.

This could be a simple as “I’m hungry, I need food.”

The need may have been triggered by internal stimuli (such as hunger or thirst) or external stimuli (such as advertising or word of mouth).

**2. Information Search**

Once the need is recognized, the consumer is aroused to seek more information and moves into the information search stage.

The second stage of the purchasing process is searching for information.

After the recognition of needs, the consumers try to find goods for satisfying such needs. They search for information about the goods they want.

Consumers can get information about goods from different sources.

**Personal sources:** This includes family, friends, neighbors, acquaintance, etc.

**Commercial source:**This includes advertising, salespeople, dealers, packaging, display, etc.

**Public sources:** This includes mass media, consumer rating organizations, etc. they also become confidential to provide information.

**Experimental sources:** This includes handling, examining, using, etc. Such information becomes decisive and confidential.

**3. Evaluation of Alternatives**

With the information in hand, the consumer proceeds to alternative evaluation, during which the information is used to evaluate” brands in the choice set.

Evaluation of alternatives is the third stage of the buying process. Various points of information collected from different sources are used in evaluating different alternatives and their attractiveness.

While evaluating goods and services, different consumers use different bases.

Generally, the consumers evaluate the alternatives on the basis of attributes of the product, the degree of importance, belief in the brand, satisfaction, etc. to choose correctly.

**4. Purchase Decision**

After the alternatives have been evaluated, consumers take the decision to purchase products and services. They decide to buy the best brand.

But their decision is influenced by others’ attitudes and situational factors.

**5. Post-Purchase Evaluation**

In the final stage of the buyer decision process, post purchase behaviour, the consumer takes action based on satisfaction or dissatisfaction.

In this stage, the consumer determines if they are satisfied or dissatisfied with the purchasing outcome. Here is where cognitive dissonance occurs, “Did I make the right decision.”

Consumers go through the 5 stages of the buyer decision process in taking the decision to purchase any goods or services.

**Q2. Enlist different kinds of Segmentation? Explain the difference between geographic, demographic and geodemographic segmentation in detail with examples.**

**ANSWER:**

Segmentation?

Market segmentation is a process of dividing the market of potential customers into smaller and more defined segments on the basis of certain shared characteristics like demographics, interests, needs, or location.

The member of these groups share similar characteristics and usually have one or more than one aspect common among them which makes it easier for the marketer to craft marketing communication messages for the entire group.

**Segmentation**

Segmenting is dividing a group into subgroups according to some set bases. These bases range from age, gender, etc. to psychographic factors like attitude, interest, values, etc.

**Gender**

Gender is one of the most simple yet important bases of market segmentation. The interests, needs and wants of males and females differ at many levels. Thus, marketers focus on different marketing and communication strategies for both. This type of segmentation is usually seen in the case of cosmetics, clothing, and jewellery industry, etc.

**Age Group**

Segmenting market according to the age group of the audience is a great strategy for personalized marketing. Most of the products in the market are not universal to be used by all the age groups. Hence, by segmenting the market according to the target age group, marketers create better marketing and communication strategies and get better conversion rates.

**Income**

Income decides the purchasing power of the target audience. It is also one of the key factors to decide whether to market the product as a need, want or a luxury. Marketers usually segment the market into three different groups considering their income. These are

High Income Group

Mid Income Group

Low Income Group

This division also varies according to the product, its use, and the area the business is operating in.

**Place**

The place where the target audience lives affect the buying decision the most. A person living in the mountains will have less or no demand for ice cream than the person living in a desert.

Occupation

Occupation, just like income, influences the purchase decision of the audience. A need for an entrepreneur might be a luxury for a government sector employee. There are even many products which cater to an audience engaged in a specific occupation.

**Usage**

Product usage also acts as a segmenting basis. A user can be labelled as heavy, medium or light user of a product. The audience can also be segmented on the basis of their awareness of the product.

**Lifestyle**

Other than physical factors, marketers also segment the market on the basis of lifestyle. Lifestyle includes subsets like marital status, interests, hobbies, religion, values, and other psychographic factors which affect the decision making of an individual.

**Geographic Segmentation**

Geographic segmentation is the simplest type of market segmentation. It categorizes customers based on geographic borders.

**Geographic Market Segmentation Examples**

ZIP code

City

Country

Radius around a certain location

Climate

Urban or rural

Geographic segmentation can refer to a defined geographic boundary (such as a city or ZIP code) or type of area (such as the size of city or type of climate).

An example of geographic segmentation may be the luxury car company choosing to target customers who live in warm climates where vehicles don’t need to be equipped for snowy weather. The marketing platform might focus their marketing efforts around urban, city centres where their target customer is likely to work.

**Demographic Segmentation**

Demographic segmentation is one of the most popular and commonly used types of market segmentation. It refers to statistical data about a group of people.

**Demographic Market Segmentation Examples**

Age

Gender

Income

Location

Family Situation

Annual Income

Education

Ethnicity

Where the above examples are helpful for segmenting B2C audiences, a business might use the following to classify a B2B audience:

Company size

Industry

Job function

Because demographic information is statistical and factual, it is usually relatively easy to uncover using various sites for market research.

A simple example of B2C demographic segmentation could be a vehicle manufacturer that sells a luxury car brand (ex. Maserati). This company would likely target an audience that has a higher income.

Another B2B example might be a brand that sells an enterprise marketing platform. This brand would likely target marketing managers at larger companies (ex. 500+ employees) who have the ability to make purchase decisions for their teams.

**Geodemography:**

 includes the application of geodemographic classifications for business, social research and public policy but has a parallel history in academic research seeking to understand the processes by which settlements (notably, cities) evolve and neighbourhoods are formed. It links the sciences of demography, the study of human population dynamics, geography, the study of the locational and spatial variation of both physical and human phenomena on Earth, and also sociology. In short, geodemographic is the study of people based on where they live. Geodemographic systems estimate the most probable characteristics of people based on the pooled profile of all people living in a small area near a particular address.

**Example of Geodemographic**

When McDonald’s started its business in India, it was wary of the huge geographical and demographic differences in India. This was evident in the differences in the preferences and food pattern of people. Geodemography survey helped McDonald's develop products as per geographical areas. It realized that half of Indians are vegetarian and hence offered limited meat products. It developed the Veg Maharaja Mac. The trademark burger comes in different flavours in different geographies across India as well. In north, we can find more spicy McDonald’s stuffs than south and on the west, veg items are more common, hence offering the right food to the right people and at the right place.

**Q3. Explain the new Product Planning and development process in detail.**

**ANSWER:**

**Product Planning and Development Definition**

Product planning and development begins, like the Big Bang, as an inkling in the void. It’s a concept for a product that can meet a need, deliver a service or solve a problem. From aerosol cheese to the remote control, everything once began as just an idea.

From there, planning for a new product is much like crafting a good story – it needs the what, where, why, when, who and how. Once the development team has the answers, they begin understanding what the product is and what its potential could be – plus the costs, risks and challenges along the way.

**1. Generation of New Product Ideas:**

The first step in product planning and development is generation of ideas for the development of new/innovative products.

Ideas may come from internal sources like company’s own Research and Development (R&D) department, managers, sales-force personnel etc.; or from external sources like, customers, dealers, competitors, consultants, scientists etc.

At this stage, the intention of management is to generate more and more new and better product ideas; so that the most practical and profitable ideas may be screened subsequently.

**2. Screening of Ideas:**

Screening of ideas means a close and detailed examination of ideas, to determine which of the ideas have potential and are capable of making significant contribution to marketing objectives. In fact, generation of ideas is not that significant as the system for screening the generated ideas.

The ideas should be screened properly; as any idea passing this stage would cost the firm in terms of time, money and efforts, at subsequent stages in product planning and development.

**3. Product Concept Development:**

Those product ideas which clear the screening stage must be developed into a product concept – identifying physical features, benefits, price etc. of the product. At this stage product idea is transformed into a product concept i.e. a product which target market will accept.

**4. Commercial Feasibility:**

At this stage, the purpose is to determine whether the proposed product idea is commercially feasible, in terms of demand potential and the costs of production and marketing. Management must also ensure that product concept is compatible with the resources of the organization technological, human and financial.

**5. Product Development:**

Product development encompasses the technical activities of engineering and design. At this stage, the engineering department converts the product concept into a concert form of product in view of the required size, shape, design, weight, colour etc. of the product concept.

A model or prototype of the product is manufactured on a limited scale. Decisions are also made with regard to packaging, brand name, label etc. of the product.

**6. Test Marketing:**

A sample of the product is tested in a well-chosen and authentic sales environment; to find out consumers’ reaction. In view of consumers’ reactions, the product may be improved further.

**7. Commercialisation:**

After the management is satisfied with the results of test marketing, steps are taken to launch a full-fledged programme for the production, promotion and marketing of the product. It is the stage where the new product is born; and it enters it life cycle process.

**Q4. What is a product? Explain its different types in detail with examples.**

**ANSWER:**

**Definition of Product**

“Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations and ideas”.

Kotler, Wong, Saunders, Armstrong

**What is a Product**

A Pair of Nike shoes, a mobile phone device, a Volvo truck, a Samsung LED, your bank account, and a doctor advice all the products. The above definition of a product by Philip Kolter not only consists tangible product attributes, for example, a car, an office, a book, a mobile device but according to a broader view of a product, its consist ideas, services, physical object, place and even organizations and persons.

The above definition also covers the service in marketing. Those activities, benefits and satisfactions essentially intangible – one party offer to another for sale. Service activities include banking services, renting rooms in a hotel, doctor consolation, haircutting, repair and maintenance services.

**Types of products**

When someone goes to a market, he/she can find a variety of products, whereas some are for the end users while others are for resellers. In the following lines, we will be discussing different types of products.

**Consumers Products**

Do you know products are labelled based on their users? If the end-user a consumer then it is a consumer product but if the end-user is a business then it will be classified as a business product. For instance, a printer is either a consumer or business product, depending on who is the consumer.

Furthermore, consumer products fulfil personal need and desire. There are two categories of consumer products, consumable and durable. For instance, you can purchase a bottle of Coca-Cola that can quench your thirst. A good example of a durable product is a bicycle. Once you purchase it and you can use it for a longer period of time.

**Example**

Speciality products are similar to Shopping products in the fact that they are infrequently purchased, are durable, and have a high opportunity cost. However, what differentiates them is the fact that consumers do not take so long to decide. The brand image of a Ferrari or a Picasso sells itself, so if the consumer has the money and likes the brand, they easily part with their cash.

**Industrial Products**

Industrial products are those products that are purchased for further processing in a manufacturing or business process. The main difference between consumer and industrial product lies in the usage for which it is bought. For instance, if a person is buying a lawnmower for his personal use then it is a consumer product. But if he purchases the same product for his landscaping business then it is a business product.

**EXAMPLE**

Installations — Example: Machinery.

Accessories — Example: Power Generator.

Raw materials — Example: Cotton, timber, etc.

Manufactured parts — Example: Radiator, battery, etc., needed by a car manufacturer.

Supplies or Consumables — Example: Lubricants, oils, etc.

**Services**

A service is an intangible part of a product. It is an action or effort to fulfil a demand or satisfy customer needs. It is unable to store or own it and consumed at a point of sale. For instance, if you visit a doctor, he offers his services to cure a disease. Other examples of services are banking services, postal or educational service and many more.

**Examples**:

Goods are items you buy, such as food, clothing, toys, furniture, and toothpaste. Services are actions such as haircuts, medical check-ups, mail delivery, car repair, and teaching. Goods are tangible objects that satisfy people's wants

**Digital Products**

A digital product is created in a digital format as a file which might be for sale or not. A person can download and stream it by using a computer or other electronic devices. Any digital product might include audio video file, eBook, desktop or mobile applications, downloadable templates graphics, fonts and PSD files. Consumers who purchase these digital products are known as digital buyers.

**Examples**

eBooks. eBooks have been and continue to be one of the most popular digital products for both creators and customers. ...

Software.

Video.

Audio & music.

Photography.

***THE END***

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