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Paper; **Principle of marketing**

**Q1.**

**1.Need recognition**

* The need recognition is the first and most important step in the buying process.
* If there is no need, there is no purchase.
* This recognition happens when there is a lag between the consumer’s actual situation and the ideal and desired one.
* Ex: The ability to be able to go to your work by car in 20 minutes every morning (ideal situation) rather than lose three hours in transit because you do not have a car and you live in the countryside (actual situation) is something that means a lot to you. So you will have a buying behavior to purchase a car. Even if the price is important.

**The need may be a result of an**

**1.Internal drive**

physiological need felt by the individual as hunger or thirst

**2.An external stimuli**

such as exposure to an advertisement, the sight of a pretty dress in a shop window or the mouth-watering smell of a food.

**2.Information research**

* Once the need is identified, it’s time for the consumer to seek information about possible solutions to the problem.
* He will search more or less information depending on the complexity of the choices to be made but also his level of involvement. (Buying pasta requires little information and involves fewer consumers than buying a car

**Types of information.**

**Internal information**:

* this information is already present in the consumer’s memory. It comes from previous experiences he had with a product or brand and the opinion he may have of the brand.
* Internal information is sufficient for the purchasing of everyday products that the consumer knows – including Fast-Moving Consumer Goods (FMCG) or Consumer Packaged Goods (CPG). But when it comes to a major purchase with a level of uncertainty or stronger involvement and the consumer does not have enough information, he must turns to another source

**External information:**

* This is information on a product or brand received from and obtained by friends or family, by reviews from other consumers or from the press. Not to mention, of course, official business sources such as an advertising or a seller’s speech.
* During his decision-making process and his Consumer Buying Decision Process, the consumer will pay more attention to his internal information and the information from friends, family or other consumers. It will be judged more “objective” than these from an advertising, a seller’s speech or a commercial brochure of the product.

**3.Alternative evaluation..**

* Once the information collected, the consumer will be able to evaluate the different alternatives that offer to him, evaluate the most suitable to his needs and choose the one he think it’s best for him
* **In order to do so, he will evaluate their attributes on two aspects**

1.

The objective characteristics (such as the features and functionality of the product) and the

2.

Subjective (perception and perceived value of the brand by the consumer or its reputation).

* If he has a good image of it or the information collected is positive, he decides to buy. On the other hand,
* A negative buying experience with the product in the past he has no specific opinion.

**4.Purchase decision..**

* Consumer choose the product or brand that seems most appropriate to his needs. Then proceed to the actual purchase itself.
* His decision will depend on the information, perceived value, product’s features and capabilities, his shopping experience or of the store (or online shopping website), the availability of a promotion, a return policy or good terms and conditions for the sale.

**5.Post purchase behavoir**

* Once the product is purchased and used, the consumer will evaluate the adequacy with his original needs and whether he has made ​​the right choice in buying this product or not.
* He will feel either a sense of satisfaction for the product (and the choice). Or, on the contrary, a disappointment if the product has fallen far short of expectations.
* If the product has brought satisfaction to the consumer, he will then minimize stages of information search and alternative evaluation for his next purchases in order to buy the same brand. Which will produce customer loyalty.
* On the other hand, if the experience with the product was average or disappointing, the consumer is going to repeat the 5 stages of the Consumer Buying Decision Process during his next purchase but by excluding the brand which he purchased.

Q2.**Four types of market segmentation**

* Geographic segmentation.
* Demographic segmentation.
* Psychographic segmentation.
* Behavioral segmentation

1. **DEMOGRAPHIC SEGMENTATION ′**

* In Demographic Segment market is divided into groups on the basis of Variables such as religion, community, language, age, stage in the family life cycle, gender, marital status, family size, occupation, income, educational level and social status of the consumer .

**VARIABLES IN DEMOGRAPHIC SEGMENTATION ′**

**Age-** Babies, Kids, Teen, The Youth (age 29 and below), The working group of age 30 and Above, The senior Citizen

**Example-** marketing company engaged in ready-made garments should opt for age-group distribution of population for the purpose of market segmentation.

* income/ Purchasing Capacity- Buyer’ Preferred Price Range
* **Example-** HCL identified the Below Rs 10000 per month’ income group as a distinct and strong segment in home PC’s. By offering PC’s at a low price of Rs. 12990. the company found it a ‘growth segment’. Through this segmentation , HCL has come to enjoy a 14.5% market share in home PC’s.

**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).

**EXAMPLE…**

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 centers where their target customer is likely to work.

**Geodemographic segmentation**

Geodemographic [segmentation](https://www.marketing91.com/6-advantages-segmentation/) is supremely essential in marketing. It is, in fact, the very first stage in the ensuring that you are able to [market](https://www.marketing91.com/market/) your [products](https://www.marketing91.com/types-of-products/) well. In very simple terms, without any detailed explanation, it means to define your [target](https://www.marketing91.com/swot-analysis-target/) audience and target buyers.

It is a segregation based on not just one or two but several factors of consideration such as the age group, locality or region of residence, occupation, gender, and similar other elements. What follows next is a quantitative comparison. It is an assumption that the differences within the group will be way lesser than those existing between the various groups.

**Example..**

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 flavors 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.New Product Planning**

**A new product strategy involves the decision making regarding**

• What product to produce

• How product should be modified

• When to discontinue

**Product strategy consists of**

• Deciding how to position of a business unit for the product offering to serve its target market.

• Selecting strategic objectives for the product offering.

• Selecting a branding strategy.

• Developing and implementing a management strategy for new and existing product.

**New Product development Process..**

New Product Development is the development of original products, product improvements, product modifications, and new brands through the firm’s own R & D efforts.

**This process consist of following steps**.

1. Idea Generation.
2. Idea Screening.
3. Concept Development & Testing.
4. Marketing Strategy Development.
5. Business Analysis.
6. Product Development.
7. Market Testing.
8. Commercialization.

**1.Idea Generation .**

Idea generation is continuous, systematic search for new product opportunities.

Ideas form using creativity generating techniques and generated through firm’s Internal Sources & external Sources.

**Internal sources**

R and D

External sources

**Custormer,competitor**

Suppliers

Distributor

Online opinion

**2.Idea Screening.**

* Filtering the ideas to pick out good ones & dropping the poor ones.
* It involves a preliminary elimination process in which a large number of product ideas are screened in terms of the organization’s objectives, policies, technical feasibility, and financial viability.
* Total ideas are categories into three group. They are, promising ideas, marginal ideas and rejected ideas.
* In screening ideas, the companies normally face 2 serious errors & they must try to avoid these mistakes.

1. DROP ERROR 2. GO ERROR

3. Concept Development & Testing. υ

Here, the Product Idea is converted into product concept.

* Product Ideas means Possible product that company may offer to the market.
* A product concept is a detailed version of the idea stated in meaningful consumer terms

When developing product concept following criteria should be consider.

* Who will use the product.
* What primary benefit should this product provide.
* When will this product be consumed.

Concept Testing

* Its means presenting the product concept to target consumers, physically or symbolically, and getting their reactions.

**3.Marketing Strategy Development.**

After concept testing, for concepts that qualify a preliminary marketing strategy is created to introduce new product into market.

* Understanding customer
* Analyze the market
* Analyze the competation
* Research distribution channel
* Define marketing mix
* Anlyze the financial
* Review and revise

**4.Business Analysis.**

* This stage will decide whether from financial as well as marketing point of view, the project is beneficial or not.

**In Business Analysis** ,

* Estimate likely selling price based upon competition and customer feedback.
* Estimate sales volume based upon size of market.
* Estimate profitability and break-even point.
* If above are match with the company's objectives, then the new product concept moves to product development stage.

**5.Product Development**.

Up to now, the product has existed only as a word description, a drawing

The company will now determine whether the product idea can translate into a technically and commercially feasible product.

* Produce a physical prototype
* Test the product
* Conduct focus group customer
* Make adjustment

**6.Market Testing.**

* Now the product is ready to be branded with a name, logo, and packaging and go into a preliminary market testing
* Marketing Testing involves placing a product for sale in one or more selected areas and observing its actual performance under the proposed marketing plan.

**Methods for market testing:**

1. Sales wave research.

2. Simulated test marketing.

3. Controlled testing marketing.

4. Test markets.

**7.Commercialization.**

* After successful market testing, new product comes to commercialisation stage.
* During this stage, production of new product on a commercial basis is rapidly built up and implementing a total marketing plan.
* For formally launching a New Product, the following decisions to be taken:
* When to launch (Timing)
* Where to launch (Geographic Strategy)
* To Whom (Target-Market Prospects)
* How to launch (Introductory Market Strategy)

**Q4.What is product..**

In general, a product is defined as a “thing produced by labor or effort” or the “result of an act or a process. ” The word “product” stems from the verb “produce”, from the Latin prōdūce(re) (to) lead or bring forth. Since 1575, the word “product” has referred to anything produced.

In marketing, a product is anything that can be offered to a market that might satisfy a want or need. In retail, products are called merchandise. In manufacturing, products are purchased as raw materials and sold as finished goods. Commodities are usually raw materials such as metals and agricultural products, but the term can also refer to anything widely available in the open market. In project management, products are the formal definition of the project deliverables that form the objectives of the project.

**Types of product..**

**1.Consumer Products**:

Bought by final consumers for personal consumption - Categorized as… a. Convenience products ; - Bought frequently, immediately with minimum comparison and buying effort. - Are low priced - Available in many locations e.g. Soap, candy, newspapers, fast food

**2.Shopping Product;**

Characteristically compared on the basis of suitability, quality, price and style while selection and purchase. - Distributed through fewer outlets e.g. Furniture, clothing, used cars, major appliances, hotel and airline services.

**3.Specialty Product;**

Has unique characteristics or brand identification for which a significant group of buyer is willing to make a special purchase effort People travel even long distances to buy them (Lamborghini) - No comparison is involved in buying. e.g. Specific brands, types of cars, high priced photographic equipments, designer clothes, services of medical/ legal specialists

**4.Unsought Product;**

Consumer either does not know about/ knows about but does not normally think of buying it. - Require a lot of advertising, personal selling and marketing efforts. e.g. Life insurance, pre planned funeral services and blood donations.

**5.Industrial Products: -**

Distinguished from consumer products on the basis of usage e.g. A lawn mower. 1. Materials & parts i. Raw materials & parts: - Farm products, (wheat, cotton, livestock, fruits, vegetables) - Natural products (fish, lumber, crude oils, iron ore) ii. Manufactured materials & parts: - component materials (iron yarn, cement, wires) - Component parts ( small motors, tires, castings)

* + - **The End**