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**QUESTION NO:1(A)**

**DIFFERENCE BETWEEN PRODUCT AND SERVICE**

**Product:**

**TANGIBLE:**

 Product is a physical item that is tangible.when the sale is completed it can be moved, returned or replaced and can be exchanged for the correct item

**PRODUCT CAN BE OWNED:**

A product can be owned and said ownership can be transferred from provider to purchaser at the time of sale.

**VALUE DECIDED BY CUSTOMER:**

The value of a product is based on the consumer’s belief of what it is worth to them.If they have the desire to own the product the consumer will place a value on it themselves based on their needs and wants.

**CUSTOMER CARE IS LIMITED:**

A product on a customer care perspective is limited.The elements of branding and additional features of the product can help separate like products that will attract customers.

**Service:**

**INTANGIBLE:**

A service is a work that is completed by a person for another individual.A service can and usually have continuous billing cycles to continue supplying service.A service cannot be returned to the provider since it is an intangible item.

**VALUE DECIDED BY SERVICE PROVIDER:**

 Services are all about their variability, services can vary from provider to provider based on where, when and how you want the service.The provider is the main one to determine the value of service.Consumers can only place a value on it after it is purchased.

**CUSTOMER CARE IS CRITICAL TOOL:**

Marketers of a service must base the pricing on what they believe the customers needs and wants and needs to stay focused in knowing and providing the features on what the customers are told what they need and want from a service.

**SERVICE CANNOT BE OWNED:**

Services are intangible and cannot be held.It is non-returnable and it is consumed at the time of sale so it cannot be owned.

**QUESTION NO:1(B)**

**EXCHANGE PROCESS:**

 According to Armstrong,” Exchange is the act of obtaining a desired object from someone by offering something in return”.

 An exchange process is when an individual or an organization decides to satisfy a need or want by offering some money or goods or services in exchange.We enter into exchange relationships all the time on our daily basis.The exchange process extends into relationship marketing.With relationship marketing we purposefully look at the longterm with our target audience, and aim to grow our business.By delivering value to our customers we consistently nurture our relationship with them.

**EXAMPLES:**

**\***You go to a restaurant and order your favorite meal.you eat the food and then you pay for it with cash or credit card.

**\***You use your Android or iphone to download an app and you pay for it using your bank account or postpaid billing.

**QUESTION NO:2(A)**

**DIFFERENCE BETWEEN FIRM AND INDUSTRY**

**FIRM:**

 A firm is a business organization that owns and operate plants.Some firm operate only one plant but many own and operate several plants.It is a unit of an industry that specialize in the production of a particular commodity or service in an industry..The term Firm is a discrete entity which is a business establishment inside an industry.The rules and regulations made for industry has applied to all the firms.Firms usually make up industries.A firm is a type of company and used interchangeably with “business” or “enterprise”.

**INDUSTRY:**

Industry is a group of manufacturers or businesses that produces a particular kind of goods and services.It is concerned with the processing of raw materials and manufacturing of goods in factories.refers to a kind of business inside an economy which is a group of firms producing same product like cotton industry, steel industry etc.There can be many firms inside an industry.It is not an entity but consists of all organized activities for production and processing of products.

**QUESTION NO:2(B)**

**External Environment:**

 External environment includes a combination of all factors coming from the outside of an organization that affects its performance.The company itself does not have an affect on them.It play an important role in shaping the future of entire industries and those of individual businesses.It is often called general environment which shapes the manager decision and objectives and principles operation of the company.

**Component Or Levels:**

Following are the elements or levels of External environment:

**ECONOMY**

Economy is a condition of economic system in the area where the organization operates.the most important are interest rates, unemployment, inflation and demand.When interest rates rise, potential consumers are less welling to lend money and the organization must pay more for loans taken.Incase of unemployment the company can afford a big selection and pickiness in looking for a new employee.

**SOCIOCULTURAL DIMENSION**

It includes habits, values and demographic characteristics of the population.the dimension shows the trend in the social environment which could affect sales of the company.

**TECHNOLOGICAL DIMENSION**

 It is an access to the modern technologies, which allow company to transform resources into goods or services intended for consumers.

**POLITICAL AND LEGAL DIMENSION**

It is a reference to the state regulation of economic activity and prevailing relations between the state and the economy.The significance of this dimension, stems from fact that legal system, partially defines what a company can and can not do.