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 ***Sub principle of marketing***

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***Q1: part a;***

***Ans: difference between products and services;***

***Product*** *is an object made available for consumer use, from a needle to a plane is a product, so anything that can be offered to a market to satisfy the desire or need of consumer is called product.*

* ***According to Phillip Kotler, anything can be a product if it has following features:***
* *It’s a set of tangible attributes*
* *It has got a specific shape*
* *It performs some specific functions*
* ***While services are always:***
* ***Intangible:***
* *Something that cannot be seen, or touched, their effect can only be felt, e.g., teaching, transportation, banking, insurance etc.*
* ***Inseparable:***
* *Services cannot be separated from the service provider, as in case of products, the products and producer are separated.*
* ***E.g.*** *Samsung is the company and j7 is the product, but services are the integral part of the personality of a service provider you cannot separate it.*
* ***Perishable:***
* *It means something which cannot be stored, as service are intangible so they cannot be stored*
* *Services are produced and consumed simultaneously, they cannot be stored****.***
* ***Not transferable***
* *As services are the integral part of the personality of a service provider, hence their ownership cannot be transferred to other people.*
* *It is also due to the intangible, feature of the services.*
* *Services are hired, while products are purchased.*
* ***Example;***

*When you go to hotel for week holidays, you pay the rent for living there, you do not became the owner.*

***Q1: part b;***

***Ans: note on exchange process:***

* *When an individual or organization decides to satisfy a need or want by offering some money or goods or services in return is known as “exchange”*
* *“Exchange” occurs in market****.***
* ***Conditions of exchange:***
* *Two or more than two persons or organizations should be involved*
* *and they must have some need for exchange*
* *It always occur voluntarily*
* *Each party or person may have something of value for other person or party*
* *They must communicate with each other*
* *Buyers go to the market in order to purchase products or hire services in order to fulfill their needs and wants, so they have got a lot of options to purchase a particular product or to hire a particular services.*
* ***Example;***
* *If you want to purchase a sim card you can go for ufone, jazz and ward.*

***Q2: part a:***

***Ans: difference between firm and industry;***

1. *Firm is a commercial enterprise that buys and sells products and services to consumer with the aim of making profit, e.g, azizi bank, mtn, kardan, kfc etc.*
2. *While industry is the collection of similar firms operating in similar products and services in a particular market, mtn, etisialt, afghan beseem, represent telecommunication industry, azizi bank,*
3. *Firm is an organization involved in the trade of goods or services to customers for pay and industry is a production of goods or services of a given field with in an economy.*
4. *So firms are individual businesses, while industry is a collection of same businesses operating in a particular market.*

***Q2: part b:***

***Ans: environment;***

*The sum of the total elements, factors and conditions in the surroundings which may have an impact on the development, action or survival is known as environment. There are two types of environment. They are;*

*1: the internal environment*

*2: the external environment*

***External environment***

*The external environment is compose of all the outside factors or influences that impact the operation of business, or it is the world outside the gate of the organization, it includes customers, government, suppliers, technology etc.*

* *The external environmental factors cannot be controlled directly.*
* *E.g., if there is a strike inside the organization, we can control it directly, but if there is a strike on road, declared by transporters or public we cannot control it directly, as government has to control it.*
* *There are 2 levels of external forces:*
* *Macro influences*
* *Micro influences*

***1. Macro influences:***

* *Macro means “large” and influences means “effects” so macro influences are those external factors which may affect the whole “industry” not only a single firm, e.g., government laws, economic conditions, technology etc.*
* *There are six factors that affect the macro environment. they are;*

***Economic;***

*Economic factor include supply and demand, exchange and interests rates, taxes, and government spending. The way the company reacts to economic changes is key, and this is where creativity comes into play.*

***Sociocultural;***

*This includes how consumers behave. For example; are consumers choosing to improve their health by walking or biking to work which could impact the sale.*

***Political;***

*Change in government policies and spending can affect the business. For instance, if a gas station accept electronic benefit transfer and government projects in that area will increase traffic. If so, the project might have a positive effect on the business.*

***Demographic;***

*The demographic environment is made up of the people who constitute the market.it is characterized as the factual investigation and segregation of the population according to their size, density, location age, gender, race and occupation.*

***Physical;***

*The physical environment includes the natural environment in which the business operates. This includes the climatic conditions, environmental changes, accessibility to water and raw materials, natural disasters, pollution etc.*

***Technological;***

*The technological environment constitutes innovations, research and development in the technology, technological alternatives, and innovation inducements also technological barriers to smooth operation. Technology is one of the biggest sources of threats and opportunities for the organization and it is very dynamic.*

***2. Micro influences:***

* *Micro means “small” so those environmental factors which will not affect the whole industry but a single firm,*
* ***e.g.****, if the people living in Kabul mostly love kfc, or they got higher demand for kfc, so only kfc sales would get increase, so it would be a micro factor, but if the demand for fast food gets higher in Kabul, so demand for kfc, afc, chief and pizza hut all would increase, as it would be a macro influence on Kabul market.*
* *There are five factors that affect the micro environment. They are;*

 ***Suppliers;***

*In gas station if suppliers do not show up with food, beverages, gas and other products, there will have nothing to sell. Which will have direct impact on operation.*

***Customers;***

*They are the requirements of running a business. If no one is buying something your gas station will have to close its doors.*

***Public perception;***

*As u revitalize the business you have to work on the reputation of that business with the general public.*

***Financers;***

*Business owners take out a loan to get started, if the bank refuse to give loan it may directly impact the business to operate.*

***Marketing intermediaries;***

*Middlemen have a direct impact on business operation. They could be distributors, wholesalers and other related peoples.*

***END***