**SEHAMUDDIN**

**13125**

**MARKETING MANAGEMENT**

**MID EXAM**

**SUBMITTED TO SIR SHAHZEB ANWAR**

**QUESTION: 1**

**a). Write briefly about Value chain model and draw its model.**

**ANS: The Value Chain Model:**

Michael Porter has proposed the value chain as a tool for identifying ways to create more customer value. Understanding how your company creates value, and looking for ways to add more value, are critical elements in developing a competitive strategy. Michael Porter discussed this in his influential 1985 book "Competitive Advantage," in which he first introduced the concept of the value chain.

According to this model, every firm is a synthesis of activities performed to design, produce, and market, deliver, and support its product. The value chain identifies nine strategically relevant activities—five primary and four support activities—that create value and cost in a specific business.

A value chain is a set of activities that an organization carries out to create value for its customers. Porter proposed a general-purpose value chain that companies can use to examine all of their activities, and see how they're connected. The way in which value chain activities are performed determines costs and affects profits, so this tool can help you understand the sources of value for your organization.

Margin

Support Activities

|  |
| --- |
| **Firm infrastructure**  |
| **Human resource management** |
| **Technology development** |
| **Procurement**  |

service

Marketing and sales

Outbound logistics

Operations

Inbound logistics

**The primary activities:**

Primary Activities

management, planning, finance, accounting, legal, and government affairs)

**Primary activities**

The first are primary activities which include the five main activities. All five activities are directly involved in the production and selling of the actual product.

They cover the physical creation of the product, its sales, transfer to the buyer as well as after sale assistance.
The five primary activities are inbound logistics, operations, outbound logistics, marketing & sales and service. Even though the importance of each category may vary from industry to

industry, all of these activities will be present to some degree in each organization and play at least some role in competitive advantage.

**Inbound Logistics:**

Inbound logistics is where purchased inputs suchs as raw materials are often taken care of. Because of this function, it is also in contact with external companies such as suppliers. The activities associated with inbound logistics are receiving, storing and disseminating inputs to the product. Examples: material handling, warehousing, inventory control, vehicle scheduling and returns to suppliers.

**Operations:**

Once the required materials have been collected internally, operations can convert the inputs in the desired product. This phase is typically where the factory conveyor belts are being used. The activities associated with operations are therefore transforming inputs into the final product form. Examples: machining, packaging, assembly, equipment maintenance, testing, printing and facility operations.

**Outbound Logistics:**

After the final product is finished it still needs to finds it way to the customer. Depending on how lean the company is, the product can be shipped right away or has to be stored for a while. The activities associated with outbound logistics are collecting, storing and physically distributing the product to buyers. Examples: finished goods warehousing, material handling, delivery vehicle operations, order processing and scheduling.

**Marketing & Sales**

The fact that products are produced doesn’t automatically mean that there are people willing to purchase them. This is where marketing and sales come into place. It is the job of marketeers and sales agents to make sure that potential customers are aware of the product and are seriously considering to purchase them. Activities associated with marketing and sales are therefore to provide a means by which buyers can purchase the product and induce them to do so. Examples: advertising, promotion, sales force, quoting, channel selection, channel relations and pricing. A good tool to structure the entire marketing process is the Marketing Funnel.

**Service**

In today’s economy, after-sales service is just as important as promotional activities. Complaints from unsatisfied customers are easily spread and shared due to the internet and the consequences on your company’s reputation might be vast. It is therefore important to have the right customer service practices in place. The activities associated with this part of the value chain are providing service to enhance ormaintain the value of the product after it has been sold and delivered. Examples: installation, repair, training, parts supply and product adjustment.

**Secondary/Support Activities:**

The second category is support activities. They go across the primary activities and aim to coordinate and support their functions as best as possible with each other by providing purchased inputs, technology, human resources and various firm wide managing functions.

The support activities can therefore be divided into procurement, technology development (R&D), human resource management and firm infrastructure.

The dotted lines reflect the fact that procurement, technology development and human resource management can be associated with specific primary activities as well as support the entire value chain.

**Procurement**

Procurement refers to the function of purchasing inputs used in the firm’s value chain, not the purchased inputs themselves. Purchased inputs are needed for every value activity, including support activities. Purchased inputs include raw materials, supplies and other consumable items as well as assets such as machinery, laboratory equipment, office equipment and buildings. Procurement is therefore needed to assist multiple value chain activities, not just inbound logistics.

**Technology Development (R&D)**

Every value activity embodies technology, be it know how, procedures or technology embodied in process equipment. The array of technology used in most companies is very broad. Technology development activities can be grouped into efforts to improve the product and the process. Examples are telecommunication technology, accounting automation software, product design research and customer servicing procedures. Typically, Research & Development departments can also be classified here.

**Human Resource Management**

HRM consists of activities involved in the recruiting, hiring (and firing), training, development and compensation of all types of personnel. HRM affects the competitive advantage in any firm through its role in determining the skills and motivation of employees and the cost of hiring and training them. Some companies (especially in the technological and advisory service industry) rely so much on talented employees, that they have devoted an entire Talent Management department within HRM to recruit and train the best of the best university graduates.

**Firm Infrastructure**

Firm infrastructure consists of a number of activities including general (strategic) management, planning, finance, accounting, legal, government affairs and quality management. Infrastructure usually supports the entire value chain, and not individual activities. In accounting, many firm infrastructure activities are often collectively indicated as ‘overhead’ costs. However, these activities shouldn’t be underestimated since they could be one of the most powerful sources of competitive advantage. After all, strategic management is often the starting point from which all smaller decisions in the firm are being based on. The wrong strategy will make it extra hard for people on the work floor to perform well.

**QUESTION: 2**

**a). Write about state of demands along with its examples.**

**ANS: STATES OF DEMAND:**

There are 8 states of demand which are explained below.

**1 Negative demand:**

This demand occur when the customer dislike the product and may

Even pay for it just so that to avoid it. A perfect example would be visiting a dentist which

Customer doesn’t like to go for.

**2 Non-existent demand:**here the consumer or target market is unaware or not even

Interested in the product.

**Example:** learning a new language, or a young couple may not be interested in family

Planning.

**3 Latent demand:**

latent demand is when a consumer shares a strong and strange need which

Cannot be satisfied or impossible to be satisfied by any of the existing products.

**Example:** looking for a Cigarrete which is good for lungs.

**4 Declining demand:**declining demand is when the consumer begins to buy the product very less frequently or even not buy it at all.

**Example:** Radio, in the time of mobiles and laptop people don’t buy radio anymore.

VCR. Etc.

**5 Irregular demand:** Many organizations face demand that varies on a seasonal, daily, or even hourly basis, causing problems of idle capacity or overworked capacity. Museums are under visited during weekdays and overcrowded during weekends. Likewise, holiday resorts are visited more frequently during summer and winter holidays and are idle in other seasons .
Other examples are umbrella, AC, etc.

 **6 Full demand:**This is an ideal situation. Organizations face full demand when they are satisfied with their volume of business. A situation that arises when the market's aggregate purchases of a product equates to its manufacturer's ability to produce it. Achieving full demand represents an ideally desirable situation for a business that most marketing teams will aim for when promoting products.

**Example:** Medicine, iPhone etc.

**7 Overfull demand**:
More consumers would like to buy the product than can be satisfied. It means that demand is more but supply is less. The brand equity of the company is highly affected in this type of demand due to which sometimes companies use De-marketing techniques to decrease the demand for their product so that the sales can match the demand.

 E.g. Food wheat, rice etc.

**8 Unwholesome demand:**

**Unwholesome demand** is demand for things that most **people perceive as bad**. They may be bad, for example, for your health, or perhaps they are a danger to society. When there is unwholesome demand for a product, there are efforts to discourage consumers from purchasing it.

Products such as cigarettes and alcoholic drinks have serious health risks. Many people and groups try to discourage us from buying tobacco products or abusing alcohol. However, demand for them exists regardless. Therefore, there is unwholesome demand for cigarettes and alcoholic drinks.

**QUESTION:3**

**a). What can be marketed? Mention with examples.**

**ANS:** The following entities can be marketed.

**1 Goods:**
In our earlier example, what the vendor was trying to do is to sell products like vegetables and fruits. Such tangible items fall under this group of ‘Goods’. Physical goods that can be manufactured or produced are the major items among those can be marketed.
**Examples** include refrigerators, computers, music systems, food products, etc. Such physical goods constitute the bulk of production and marketing efforts.

**2 Services:**services are also one of the important entities and that can be marketed as well. Services are intangible which does not have any physical existence which involves performing act or deed for the customer.
**Examples:** doctors, beauticians, lawyers. These all are the examples of service provider as they provide their services and get paid for it.

**3 Events:** events can also be marketed in order to attract the audience because people do pay for events like concert, game show. They are promoted in various media and in newspaper as well with a motive of profit.
**Examples:** cricket world cup, FIFA, Atif aslam concert, workshop, new year festival etc.

**4 Experiences:**
You would have heard of theme parks such as 'Disney Land' or ‘Wonder La’. You would have seen the advertisements of “experiences of your life” at such ‘theme parks’ or ‘Camps’ like rock climbing camps. This shows that even experiences can be marketed.

**5 Persons:**persons can also be marketed which as well include artists, sports person, a magician, a motivational speaker. Who have a certain skill for which people are interested to see and pay for it.

**6 Places:**now adays places are also marketed to attract the visitors and tourists and to improve the image and positive side of that place or country.
**Example:** kumrat, kalam, Dubai etc.

**7 Properties:**Properties are bought and sold, and this requires marketing. Properties are intangible rights of ownership to either real property (real estate) or financial property (stocks and bonds).
**Example:** Deans Height, DHA. Etc

**8 Organizations**:
 Organizations too can be marketed. It is done to influence consumers, potential business partners, administration and the common mass to appreciate the organization’s goals and activities, accept their products / services or contribute by spreading positive word of mouth. These are generally corporate image building exercises aimed at creating positive predisposition towards the company.
**Example:** Universities, museums etc.

**9 Information:**The production, packaging, and distribution of information are major industries. Information is essentially what books, schools, and universities produce, market, and distribute at a price to parents, students, and communities.

**10 Ideas:**
How ‘ideas’ can be marketed is through social marketing. Social marketers are busy promoting such ideas as “Smoking kills”, "Save environment" and “Friends Don’t Let Friends Drive Drunk”. Marketers put lot of effort in finding effective ways to promote ideas that serve the best interests of people, such as, better nutrition, physical exercise, conservation, environmental protection - to the point where people might act on what they believe.