**PRINCIPLE OF MARKETING**

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**QUESTION NO.1:** explain the difference between products and services?

**ANSWER NO.2:**

**Products are tangible:** – they are physical in nature such that they can be touched, smelled, felt and even seen. Services are intangible and they can only be felt not seen.

**Need vs.** **Relationship**: a product is specifically designed to satisfy the needs and wants of the customers and can be carried away. However, with a service, satisfaction is obtained but nothing is carried away. Essentially, marketing of a service is primarily concerned with creation of customer relationship.

**Perishability**: services cannot be stored for later use or sale since they can only be used during that particular time when they are offered. On the other hand, it can be seen that products are perishable. For example, fresh farm and other food products are perishable and these can also be stored for later use or sale. 

**Quantity**: products can be numerically quantified and they come in different forms, shapes and sizes. However, services cannot be numerically quantified. Whilst you can choose different service providers, the concept remains the same.

**Inseparability**:services cannot be separated from their providers since they can be consumed at the same time they are offered. On the other hand, a product can be separated from the owner once the purchase has been completed. 

**Quality**: quality of products can be compared since these are physical features that can be held. However, it may be difficult to compare the quality of the services rendered by different service providers.

**Returnability-**it is easier to return a product to the seller if the customer is not satisfied about it. In turn, the customer will get a replacement of the returned product. However, a service cannot be returned to the service provider since it is something that is intangible.

**Value perspective-**the value of a service is offered by the service provider while the value of the product is derived from using it by the customer. Value of a service cannot be separated from the provider while the value of a product can be taken or created by the final user of the product offered on the market.  
  
**B)** Write a detailed note on exchange process with example?

**ANS:** When an individual or an organization decides to satisfies his own needs by offering money or other valuable things in exchange for goods and services it is called exchange process. The exchange process is involved in our daily life and we are the subject to it like we exchange money with a shopkeeper for a desired good etc. There are a few conditions of exchange process that are given below:

1. There are at least two parties.
2. Each party has something that might be valuable for the other party.
3. Each party is capable of communication
4. Each party is free to accept or reject the exchange
5. Each party believes it is appropriate or desirable dealing with the other party.

**EXAMPLE**: you go out for a meal in your car then you go to a petrol pump to put fuel in your car in exchange for money. Then you eat your meal and pay him with a credit card so it was an exchange of meal for money. Every business is done with exchange of something.

**QUESTION No.2:** what is the difference between firm and industry?

**ANSWER:** The maindifference between a firm and an industry is that a firm is an organization that involves trade of goods and services or both to customer for pay and industry is the production of goods and services of a given field within an economy.

• Industry refers to a kind of business inside an economy while a firm is a business establishment inside an industry.

• There can be many firms inside an industry.

• Industry is not an entity while a firm is a type of company.

• A firm is a type of business whereas an industry is a sub sector of an economy.

• Rules and regulations are made for an industry, and that typically apply to all firms inside the industry.

**QUESTION(B):** Explain external environment and its levels?

**ANSWER:** An external environment is composed of all the factors outside the firm that will have an influence on the operating of the business. The business will act or react if the external forces had an impact on the business to keep up the flow of its operations.

There are two levels of environment i-e: micro influences and macro influences

**THE MICRO ENVIRONMENT**

there are five factors that affect the micro Environment: suppliers, customers, marketing intermediaries, financiers and public perceptions.

Suppliers: At your gas station, what happens if your suppliers don't show up with food, beverages, gas and other products? You'll have nothing to sell, which will have a direct impact on your operation.

Customers: Customers are a requirement to run a business. If no one is buying, your gas station will have to close its doors.

Marketing Intermediaries: Middlemen have a direct impact on your business operation. They could be your distributors, wholesalers, and other related people.

Public Perceptions: Does your gas station have a good reputation with the general public? You may have to work on this as you revitalize the business.

Financiers: Typically, business owners take out a loan to get started, and the growth of the business depends upon their ability to obtain additional loans. Let's say you've decided to add a large kitchen to your gas station and offer fresh foods to your customers. This is a big investment. If the bank tells you no, it may directly impact the way you want your business to operate in the future.

**The Macro Environment**

There are six factors that affect the macro environment, and these include economic, sociocultural, political, legal, technical, and environmental considerations.

**Economic**: Economic factors include supply and demand, exchange and interest rates, taxes, and government spending. The way your 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 of gas?

**Politics**: Changes in government policy can have a huge impact on an activity

**Environmental considerations (economy**): In a bad economy, even a well managed organization may not be able to survive. If customers lose their jobs or take jobs that can barely support them, they will spend less on sport activities, recreation, gifts, luxury goods, and new cars. It is not possible to control the economy, but understanding it can help identify threats and opportunities.

**Technical**: These factors are related to skills and ability that are implemented into production, as well as all the materials and technology that a particular product requires to be made. They are essential and can have a big impact on how well your business is running.

**Legal**: The market develops according to the political and legal environment in various areas. This means that every business needs to be up to date with such forces worldwide in order to be able to make the right decisions.

This generally includes legal factors such as:

Copyright law

Employment law

Fraud law

Discrimination law

Health and Safety law

Import/Export law