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FINAL TERM EXAM

Define the business market and explain how business markets differ from consumer markets.

Business markets have been expanding and people are investing more money and resource in the business market than the consumer markets.

The business market is the process of selling your product and services to other organization, as those products and services will be used either as raw materials to manufacture other products. Or, those companies buy the products or services and resell them.

MARKET STRUCTURE AND DEMAND:

- Fewer but larger buyers
- Derived demand
- Inelastic demand
- Fluctuating demand

NATURE OF BUYING UNIT:

Usually business buyers face more complex buying Consumer Buyers' Decisions. Compared with the Consumer market purchasers usually a commercial purchase

It includes:

- 1 More decision participants.
- 2 More professional purchasing effort
- 3 More buyer and seller interaction

EXPLANATION:

In other words, business markets are the same as consumer markets. Because both are involved in buying and selling decisions to satisfy needs. The main differences between labor market and consumer markets are-

MARKET STRUCTURE AND DEMAND:

Business marketers generally operate more than consumer marketers. The business marketer deals with a large number of buyers but they remain much less. Besides, the business market demand differs from that of consumer markets.

NATURE OF BUYING UNIT:

If there are too many agents, the buying decision may be more complex. That's why the buying committees select expert people for their work.

TYPES OF DECISION AND DECISION PROCESS:

From consumer buyers, business buyers face more complexity in purchasing decision. Usually a business buyer purchases a large number of inventories, invests large amounts of money, adopts technical and economic considerations, and interacts with many people in the various channels of an organization.

Finally, buyer & seller depends on each other in the business markets. The business buying decision usually involves more professional buyers. Business buyers usually face more complex buying decisions, and the buying process tends to be more formalized.

QNO 2: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

MARKET SEGMENTATION: is a process of dividing Market potential customers into groups or segments based on various characteristics. The segments created consist of consumers who will respond similarly to marketing strategies and who share similar traits such as interests, needs, or locations.

- Segmenting consumer markets
- Segmenting business markets
- Segmenting international markets
- Requirements for effective segmentation

Marketers know that they cannot attract all buyers in the same market who differ in their needs and buying behavior. As we know that can also see multiple buyers regarding their purchasing power and they have different needs. Moreover, the companies themselves try to segment the market to serve the consumer well.

Most organization move to mass marketing and target marketing; They first segmented the market into a different sector, identified one or more segments to enter, then evaluated the attractiveness of each

segment for their target marketing, and then companies focused on buyers who had a greater interest in the values they create side by side.

DEMOGRAPHIC SEGMENTATION:

Demographic segmentation divides the market into smaller categories based on demographics, such as age, gender, and income. Instead of reaching an entire market, the brand uses this method to focus resources in a specific group within that market.

Example:

- Age: divides a market into different age and life cycle groups
 - Gender: divides a market into gender.
 - Income: divides a market into income segments
 - Location: divide a market into different location
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- **Psychographic segmentation:** divides a market into different segments based on social class, lifestyle, or personality characteristics. Psychographic segmentation factors are slightly more difficult to identify than demographics because they are subjective.
 - interests
 - Attitudes
 - Values
 - Lifestyle

Behavioral Segmentation:

divides a market into segments based on consumer knowledge, attitudes, uses of a product, or responses to a product.

- Purchasing habits
- Spending habits
- User status
- Brand interactions

Geographic segmentation divides the market into different geographical units such as nations, regions, states, counties, cities, or even neighborhoods.

- ZIP code
- City
- Country
- Radius around a certain location

- Climate
- Urban or rural

2.Targeting: After segmentation, then marketers evaluate each segments attractiveness & select one or more segment to enter. Targeting defines a set of buyers who have common needs & characteristics that the companies decide to serve.

3. Differentiation: Here, organizations differentiate their market offerings than competitors & create superior customer value. Add unique design, better quality, easy payment system, good after sales services ,these all can differentiate one company to other company.

4. Positioning: Positioning defines itself that arranging the market offering to occupy a clear, distinctive & desirable place relative to competing brands in the minds of target customers. Every time , buyers not reevaluate the product, they previously set their mind to purchase in which brands that is positioning

Qno3: Explain how companies identify attractive market segments and choose a market-targeting strategy?

Identifying an attractive market segment means targeting. After dividing the markets into smaller segments, marketers evaluate each market's attractiveness and then select one or more units to enter.

Evaluating market sectors:

When a company tries to evaluate market segments, it goes through 3 important

- Segment size and growth: Analyze current segment sales, growth rates, and expected profitability for various segments.
- Segment structural attractiveness: Consider effects of: competitors, availability of substitute products, and the power of buyers & suppliers.
- Company objectives and resources: Examine company skills & resources needed to succeed in that segment(s).

SELECTING TARGET MARKET:

A **target market** is a set of buyers who share common needs or characteristics that the organization decides to serve.

Market targeting is a process of selecting the **target market** from the overall **market**. **Target market** consists of group/groups of buyers to whom the company wants to satisfy or for whom product is manufactured, price is set, promotion efforts are made, and distribution network is prepared.

Undifferentiated Marketing:

Is a process in which they target the whole market with one offer. It is also called mass marketing. It is a marketing strategy in which a firm ignores market segmentation & go after the whole market with a single offer. This strategy is appropriate for regular goods like rice, potatoes, oil, salt etc.

- **Mass marketing**
- **Focus on normal needs**

Differentiated Marketing: is a process in which they target different market segments. It also known as segmented marketing. Its not for all. It is a marketing strategy in which firm decides to target several market segments & designs different offers for each. For example: higher class women, middle class men etc.

- **Goal is to achieve higher sales and stronger position**
- **More expensive than undifferentiated marketing**

Concentrated marketing: It also known as niche marketing. It is a strategy in which firms goes after a large share of one or few segments or niches. For example: northern part of the capital city in this particular area's kid who born in abroad specially girls kid.

Micro marketing: Producing products & arranging marketing programs to the needs of a specific individual & local customer. It also two types

△ **Local Marketing:** involve Tailoring products to the needs of local customer segments brands and promotion to the needs and wants of the local customer.

- **Cities**
- **Neighborhood**

△ **Individual marketing:** Tailoring goods & services to the needs of individuals preference. For example: when I ordered something of my own choices - birthday cakes , dresses etc

Selecting Target Market Segments Choosing a targeting strategy depends on

- **Company resources**
- **Product variability**
- **Product life-cycle stage**
- **Market variability**
- **Competitor's marketing strategies**

Socially Responsible Target Marketing:

- **Benefits customers with specific needs**
- **Concern for vulnerable segments**

Target marketing sometimes generates controversy and concern.

Disadvantaged and vulnerable can be targeted, Cereal, cigarette, beer, and fast-food marketers have received criticism in the past.

Internet has raised fresh concerns about potential targeting abuses.