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Theme No.1: Understanding Marketing

Q. What is Marketing?

Marketing is a process of identifying customer need and full that needs.

Further term of marketing

Three Further term of marketing

- **Need**
  A need is something that is necessary for living a healthy live.
  E.g. Air, Water, Food
- **Want**
  Want is the form that a human need takes as shaped by culture and individual personality, wish for it become want.

  چاہت وہ شکل ہے جو انسان کی ضرورت ثقافت
  اور انفرادی شخصیت کی شکل اختیار کرتی ہے،
  اس کی خواہش خواہش بن جاتی ہے۔

  e.g Mineral water, Fast food
- **Demand**

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Demand is the quantity of goods that consumers are willing and able to purchase at various prices.

e.g We have Rs. 2.5 lakh for purchasing a Car

Q. What is Exchange:

The process of getting what you want is called Exchange.

e.g we want to eat eggs in breakfast. So we go to the eggs shop and purchase some eggs.

Q. What is Transaction?

A transaction is an activity in which goods, services or money are transferred from one account to another.

Q. What is Marketing Offering?

A Marketing offering is any combination of products, services or information offered to the market to satisfy the need or want.

For example:

Virtual student support services provide academic (taleemi) services to the students throughout the world.

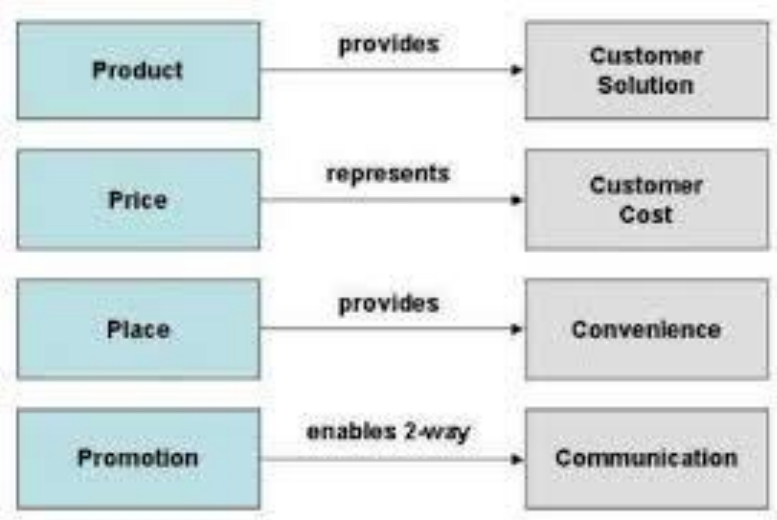
Q. What is Marketing mix?

Marketing is used not only by businesses but also political parties, and charity organizations as well. Actual task of marketing is to manage demand. The concept of marketing mix is very important in marketing. It includes four Ps:

- Product

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- Price
- Place
- Promotion



As demand of any product that is offered for selling is never ideal so marketers face different demand situations and resultantly make different strategies for different demand situations.

Different demand situations are:

Q. What is Negative demand?

Negative demand is a demand situation in which your product is facing biased or negative views of potential customers.

For example:

For example the society in which you are dealing with frozen food items, consider that only fresh food is good. Frozen food is unhealthy.

Q. What is No demand?

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No demand is something that every business faces in the startup phase. People are not aware of your product then you will use creative / stimulating marketing which means you create the demand.

Q. What is Latent demand?

Latent demand is dealing in a product which people may demand but right now the demand is hidden.

For example:

Insurance policy which initially was introduced and had latent demand and people did not take interest in it.

Q. What is Declining demand?

Declining demand is when due to any reason the demand of the product starts declining. In such case re-marketing is used; you may redevelop the product by adding some new features in it.

Q. What is Adequate or sufficient demand?

Full/ regular demand is when demand of the product is equal to the production capacity and this is also called adequate or sufficient demand.

Q. What is irregular demand?

Irregular demand is when demand of company product changes at different times. It increases in some season and decrease at some other time. It is called irregular demand.

Q. What is overfull demand?

When demand of company product exceeds the production capacity means company is facing overwhelming demand and is unable to manage demand it is called overfull demand situation and company uses de marketing strategy.

Q. What is unwholesome demand?

Demand of any unhealthy product is called unwholesome demand like narcotics and drugs etc.

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Q. What is marketing philosophies?

There are different underlying marketing philosophies that guide the actions of marketers. The marketing practices are guided by different marketing orientations / philosophies or beliefs.

- Let's discuss these one by one.

Q. What is Production Concept?

Production Concept is a belief that states that the customers would always acquire products which are cheaper and more readily available (or widely available). The production concept advocates that more the products or production more would be the sales.

Q. What is Product concept?

Product concept is the understanding of the dynamics of the product in order to showcase the best qualities and maximum features of the product. Marketers spend a lot of time and research in order to target their attended audience.

Q. What is Selling concept?

Selling concept is the idea that consumers will not buy enough of the firm's products unless it undertakes a large scale selling and promotions efforts.

Q. What is marketing concept?

Marketing concept is the idea that achieving the organizational goals depends on knowing the needs and wants of the target markets and delivering the desired satisfaction better than competitors do.

Issue was catered in the societal marketing concept

Selling concept takes the inside-out perspective. Its starting point is the factory, focuses on existing products, and uses heavy selling and promotional efforts to end up obtaining profitable sales In contrast, the Marketing concept takes the outside-in perspective. It starts with the well-defined market, focusing customer need, using integrated marketing activities, affecting customer's satisfaction thus generating profits and establishing long lasting customer relation

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Q. What is marketing concept?

Societal marketing concept is the idea that a company should make good marketing decisions by considering consumers' wants, the company's requirements, consumers' long term interests and society's long run interests.

Q. What is marketing management?

Marketing management is the art and science of choosing target markets and building profitable relationships with them. Marketing management is the skill and knowledge at the same time.

Q. What is Customer relationship management in marketing?

Customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

Q. Marketing defined by Peter Drucker

"The aim of marketing is to make selling superfluous, the aim of marketing is to understand customer so well that product fits and sells itself"

Q. What is Customer Perceived Value (CPV)?

Managing customer relationship is important. The difference between total customer perceived benefits and customer cost is called Customer Perceived Value (CPV).

Q. What is Customer Satisfaction?

The extent to which perceived performance matches a buyer's expectations is called Customer satisfaction.

Q. What is Partner relationship management?

Partner relationship management involves working closely with partners in other company departments and outside the company to jointly bring greater value to customers. After discussing Managing customer relationship, Lets discuss an associated concept managing customer value.

Q. What is Customer lifetime value?

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Customer lifetime value is the value of the entire stream of purchases that the customer would make over the lifetime of patronage.

Q. What is share of customer?

Share of customer is the portion of customer's purchasing that the company gets in its product categories. Actually what the customer spends on all the products of a particular brand is called share of customer.

Q. What is Customer equity?

Customer equity is the total combined customer lifetime values of all the company's customers.

- Few of the prominent trends are:

Customer engagement marketing:

Customer engagement marketing fosters direct and continuous customer involvement in shaping the brand conversations, experiences and community.

Customer-generated marketing:

Customer-generated marketing is the brand exchanges created by customers themselves. Customers are playing an increasing role in shaping brand experiences.

Digital and social media marketing:

Digital and social media marketing involves using the digital marketing tools such as websites, social media, mobile ads and apps, online videos, emails, and blogs that engage consumers anywhere, at any time via their digital devices.

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THEME 2 MGT301

Q. What is Environment?

1. An environment is the surroundings of any living thing. It is actually everything around us. It comprises human actors, physical chemical, and other natural factors etc.

Q. What is Marketing Environment?

1. In marketing our main objective is to deliver the value to the customer and in return earns value.
2. There are two types of environment in marketing
3. Micro Environment and Macro Environment.

Micro environment

1. The micro environment is the environment which is close to the company.
2. This is safe environment and secure environment under which the firm works.
3. It can be Organization itself, suppliers, intermediaries Competitors, Customer and Public.

The Company

- In designing organization's strategies and objectives, marketing executive will make close coordination with other departments, within the organization because if they do not develop coordination within the

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organization they
Can't achieve their goals in an appropriate way.

Suppliers:

- They are the one who provide the resources for goods and services.
- **For example:** raw material, equipment etc.
- Business accomplishment depends on the suppliers as the supplier's good is the essential component of the end product of the buyer.

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Marketing intermediaries

1. The role of intermediaries is to promote, sell and distribute the company's products to the end users.
2. If these intermediaries are not cooperative or supportive companies won't be able to deliver their value.
3. Back end (upstream) suppliers, Forward end (downstream) supplier.

Customer

1. They are the ones who buy goods for their own consumption.
2. All the marketing activities are customer centric.
3. Customers are the king of business.
4. They are important as companies need them and the success of their business depends on them.
5. They are purchase the products from different markets.

Public

1. Public is any group which has an actual or possible interest in the organization to achieve its goals such as financial public, media publics, government public, local public etc.
2. They are actually stakeholders.

Macro environment

1. The macro environment is the environment which is not close to the company.
2. The macro environment is the external forces which are not controllable

and can affect the processes of all business setups.

3. These forces have an indirect effect on the company's operation and working situation

Demographic Environment

1. Demographic are the study of population based factors such as age, race gender, size, density, location, occupation etc.

2. These demographic are very important to learn for the purpose of policy development and economic market research.

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Economic Environment

1. We have to see the factors that affect consumer purchasing power and spending patterns.
2. We will take an example that, an organization could not start exporting their good to a country until they have examined how much people will be able to spend and what are their purchasing powers.
3. To check the health of the economy and growth rate, we have many economic indicators, which are GDP volume and growth rate, Per capita income, Interest rate, inflation, Import Duty rate etc.

Natural Environment

1. The natural environment in the Macro Environment is very important as far as the natural resources are concerned.
2. You may do business in whichever place, your business will come across the local environment and you will shape your business according to the environment you are encountered in.
3. The most important changes in the natural environment are the increasing shortage of raw materials especially in terms of non-renewable resources like water, gas, and oil.

Technological Environment

1. It is the most crucial force of the Macro Environment. In the last few

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decades, there is a drastic development in technology, and we are in favor of advanced technology because we are in favor of convenience and ease.

2. New products and services are imaginable due to new technologies.
3. This new technology has affected every phase of our lives.
4. If we look back like few years before we'll see how we shop, to how we travel to how we linked ourselves.

Political and Legal Environment:

1. Political factor is one of the external environmental factors which affect the business both positively or negatively.
2. Businesses are strictly influenced and affected by changes in the political environment.
3. That's why before entering a new market in a foreign country; the company must know each and everything about the legal and political environment of the host country.

Cultural Environment

1. Cultural factors play a major role in our society. Our lifestyle, values, and attitudes determine culture.
2. "Culture is the integrated sum total of learned behavioral traits that are shared by members of society".
3. Cultural factor is one of the most influencing factors as far as the business decisions are concerned.
4. So for businesses it is very essential to consider cultural barriers while making their business strategies.
5. For example, The McDonald's of Pakistan is much different

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from the McDonald's in India.

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THEME 3 MGT301

Q. What is Strategic Planning?

1. The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities is called strategic planning.
2. It including following developing company's goals , long term issues, emphasize the survival, Growth Overall effectiveness

Characteristics of Strategic Planning

1. It encourages management to think ahead systematically.
2. It forces managers to clarify objectives and policies
3. It leads to better coordination of company efforts
4. It provides clearer performance standards for control
5. It is useful for a fast changing environment

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Tactical Planning

1. Tactical planning is connected with translating the general goals and plans developed by strategic managers into objective that are more specific and activities.



Operational Planning

1. Operational planning is used to supervise the operations of the organization.



Parts of Strategic Planning

There are five type of Strategic Planning

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1. **Environment Analysis**
2. **Vision**
   - A vision usually precedes the mission statement.
   - It is usually short, concise and preferable limited to one sentence
   - Organization wide management involvement is advisable
3. **Mission**
   - Where are we?
   - Reveal what an organization wants to be and whom it wants to serve and how.
   - E.g: Forward sports aiming to work with coherence of renowned global brands, organizations and entrepreneurs
   - Adidas to the best sports company in the world
4. **Objective**
   - Objective can be defined as specific results that an organization seeks to achieve in pursuing its basic mission.

Two types of Objective

- **Short term objective** are those object which are for shorter period of time(Normally One Year)
- **Long term objectives** are those object which are for shorter period of time (Normally More than One Year)

5. **Environmen**

   tal Analysis

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There are two major

Analyses

Internal analysis

- Internal analysis is a process of studying actors, factors and forces inside the organization to map strengths and weaknesses.

External Analysis

- External analysis is a process of studying actors, factors and forces outside the organization to map opportunities and threats.

SWOT analysis

- When we are analyzing the STRENGTH WEAKNESS, OPPORTUNITIES and THREAT this analysis is known as SWOT analysis.
- It is also called TWOS analysis
- The company will take 8 steps in SWOT analysis

Result of internal analysis:

VIRTUAL UNIVERSTY

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There are two internal analysis

- **Strengths**
- **Weaknesses**

S-Strength

- Strengths are internal capabilities that may help a company reach its objectives

W-Weaknesses

- Weaknesses are internal limitations that may interface with a company to achieve its objective

O-opportunities

- External factors that the company may be able to exploit to its advantage.

T-Threats

- Current and emerging external factors that may challenge company's performance

Portfolio:

- Portfolio means basket of products and services that are offered.
- Portfolio analysis is a major activity in strategic planning whereby management evaluates the products and business that make up the organization

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Business portfolio:

- Business portfolio is the collection of businesses and products that make up the company.
- For example a company making all household items e.g. hand soap, detergent, tea whitener and everything else.
- All these items would be its portfolio

SBU (Strategic Business Unit)

- It is a unit of the company that has separate mission and objectives that can be planned separately from other company businesses.

BCG(Boston consulting Group) matrix

- BCG matrix is a tool for portfolio analysis.
- It is done on the scale of relative market share and market growth rate.
- The Boston consulting Group(BCG) is a management consulting firm founded by Harvard Business School alum
- Bruce Henderson in 1963
- It includes star, Cash Cow, Question Mark and Dogs

BCG Matrix (SQCD)

- **S-Stars :** High Growth Rate and High Market Share
- **Q-Question :** High Growth rate but low Market share
- **C-Cash Cow :** Low Growth Rate but High Market Share
- **D-Dogs :** Low Growth Rate and Low Market Share

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- **Source:** Kotler, P., & Armstrong, G. (2010). Principles of Marketing, 10th
- **Edition.** Product/ market expansion Grid is a tool for identifying company growth opportunities through market penetration, market development, product development or diversification.
- **Market penetration:** means existing products in existing markets. These products require more promotion.
- **Product development:** new product in existing market. You get more growth with more revenue.

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- **Market development:** Existing products in new markets. E.g same product in new geographical area.
- **Diversification:** New product in new market

Value chain:

- It is a series of departments that carry out value creating activities to design, produce, market, deliver and support a firm's products.

Value delivery network

- It is made up of company, suppliers, distributors and ultimately customers who partner with each other to improve performance of the entire system.
- Suppliers deliver value to company then they deliver to distributor who ultimately deliver to end consumers.

Market segmentation

- It is the division of market into distinct group of buyers who have distinct needs, characteristics or behavior and who might require separate products or marketing mixes.

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- Segmentation can be done on the basis of gender, location, age etc.
- People in a similar segment have similar needs and characteristics for which separate products and marketing mix is required.
- After segmentation is done targeting is done.
- It is not always possible for companies to target every segment that they have made.

Market targeting:

- It is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.

Marketing Positioning

- It is the arranging for a product to occupy a clear distinctive and desirable place relative to competing products in the minds of target consumer.
- For example some tooth pastes are famous for its cavity protection, and some for whitening.

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THEME 4 MGT301

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Q1. What is Marketing information system?

1. Marketing Information System is the collection, sorting and evaluation of market and customer data for decision making. Managers need such type of data on regular intervals for decision making.
2. **Manage:** It is a useful tool for future decision making involving the strategic, operational and control related decisions.
3. **For example** companies collect and maintain the databases of their customers' needs, demands, behaviors, lifestyles, and professions etc.

Q2. Why is it important for Marketing Mangers to get information about their customers?

- Marketing Managers collect and maintain the information about their customers' needs, demands, behaviors, lifestyles, and professions etc.
- They use this information to come up to customers' expectations about products and services.

Q3. Is it possible to get data or information about the product with the help of descriptive research?

- Organizations may use a descriptive research design to know that how different target groups respond to a certain product.
- **For example,** a clothing brand creates a survey asking general questions that measure the brand's image among its target customers.

Q4.Working of Marketing information system (MIS)

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1. The MIS first assesses information needs by interviewing marketing managers and surveying their decision environment to determine what information is desired, needed, and feasible to offer.
2. The MIS next develops information and helps managers to use it more effectively.
3. Marketing intelligence supplies marketing executives with everyday information about developments in the external marketing environment.
4. Intelligence can be collected from company employees, customers, suppliers, and resellers.
5. Finally, the marketing information system distributes information gathered from internal sources, marketing intelligence, and marketing research to the right managers at the right times.
6. More and more companies are decentralizing their information systems through networks that allow managers to have direct access to information.

Q5. Marketing Research Process

Every marketer needs marketing research, and most large companies have their own marketing research departments.

The marketing research process consists

There are four marketing research process consists

1. **Defining the problem and research objectives**
    - The first step consists of the manager and researcher carefully defining the problem and setting the research objectives.
    - The objective may be exploratory, descriptive, or causal.

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2. **Developing the research plan,**
    - The second step consists of developing the research plan for collecting data from primary and secondary sources.
    - Primary data collection calls for**:**
    - **choosing a research approach** (observation, survey, experiment)
    - **choosing a contact method** (mail, telephone, personal)
    - **designing a sampling plan** (whom to survey, how many to survey, and how to choose them)
    - **Developing research instruments** (questionnaire, mechanical).

3. **Implementing the research plan,**
    - The third step consists of implementing the marketing research plan by collecting, processing, and analyzing the information.

4. **Interpreting and reporting the findings**.
    - The fourth step consists of interpreting and reporting the findings.
    - Further information analysis helps marketing managers to apply the information and provides advanced statistical procedures and models to develop more rigorous findings from the information.

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THEME 5 MGT301

Topic: Consumer Buyer Behavior

Q1. What is Consumer buyer Behavior

1. The most important component of the marketplace is consumer.
2. Consumer buying behavior refers to the buying behavior of final consumers—individuals and households that buy goods and services for personal consumption.
3. All these individuals and households that buy goods and services for their personal use make up the Consumer market.

Q2. Characteristics Affecting Consumer buyer behavior

1. **Cultural(***Sub culture, Social class)*
2. **Social(***Reference groups, family, Roles and status)*
3. **Personal(***Age and lifecycle stage, Occupation , Economic situation, Lifestyle, Personality and self-concept)*
4. **Psychological(***Motivation, Perception, Beliefs and attitudes)*

Cultural Factors

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1. Cultural factors have a huge influence on consumer behavior. Marketers need to understand the role played by buyer's culture, subculture, and social class.
2. Culture is the most basic cause of a person's wants and behavior

Every culture has its own traits and characteristics.

Following are the characteristics of Pakistani culture:

1. Orientation/inclination towards religion.
2. Family comes first in Pakistani culture
3. Passionate, expressive and emotional
4. Aggressive
5. Hardworking and tough
6. Humble
7. Diversity

Example of four major sub-cultures in Pakistan

1. **Punjabi culture:**

- The main characteristics of Punjabi subculture are hospitality and love for food, poetry and music

2. **Sindhi culture**

- The main characteristics of Sindhi subculture are love for mystics and Sufism, Sindhi folk songs and music.

3. **KPK Culture**

- The main characteristics of KPK subculture are hospitality, love, care and respect for guests, bravery and protection/respect to females.

4. **Balochi Culture**

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- The main characteristics of Balochi subculture are arts and crafts, tribes, festivals and story-telling tradition.

Another factor affecting buyer behavior is social class

Social Class

- Social classes are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors.
- Social scientists have identified three major social classes

1. **Upper class**

- The social elite who live on inherited wealth.
- They also include people who have earned high income or wealth through exceptional ability.
- This class can further be divided into uppers-uppers and lower-uppers.

2. **Middle class**

- This social class comprised of Professionals, independent businesspersons, and corporate managers who possess neither family status nor unusual wealth.
- They buy popular products to keep up with trends.
- This class can further be divided into upper middles and lower middles.

3. **Lower class**

- This social class comprised of working poor.
- Their living standard is just above poverty.
- It also includes poorly educated unskilled laborers.
- This class can further be divided into upper lowers and lower lowers.

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Another major factor which influences consumer behavior is *social factors* such as groups, family, social networks and social rules and status

Groups:

1. Groups which the person belongs to, have a direct impact on his/her purchasing behavior; such group is called **membership group**
2. **For example:** Taking a cricket star in their advertisements to target cricket lovers.
3. A new type of social interaction has been emerged over the last years, which is online social networking.
4. Online social networks are online communities where people meet and socialize or exchange opinions on internet using social networking websites like Facebook, Instagram and Twitter
5. A person belongs to different groups at one time; for example, family, organization, sports club, online community.

Personal factors

1. A consumer's decision is also influenced by personal factors that are his/her personal traits or characteristics such as age, occupation, economic situation, personality, life style and self-concept.
2. People's occupation plays a major role in what they buy
3. **For example:** business people may buy suits while a person working in factory will buy rough clothing.
4. nother factor which plays a major role in consumer's buying pattern is his economic situation.
5. People spend on goods and services based on the income they earn.

Psychological factors

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1. Consumers' buying choices are further influenced by psychological factors which include motivation, perception, learning, and beliefs and attitude.
2. People have many needs at one time; some of these needs are biological such as hunger thirst or comfort while others are psychological such as need for recognition, esteem and love.
3. A need becomes motive when it reaches to a certain level of intensity.
4. When a need is sufficiently pressing to direct the person to seek satisfaction, it is called **motive**.
5. The tendency of the consumers to screen out information which they are exposed and not interested in is called **selective attention**.

What is perception

- In marketing, customer perception' refers to customers' awareness, their impressions, and their opinions about your business, products, and brand.

Belief and attitude

Q. What is Belief?

- A belief is a descriptive thought that a person has about something. Beliefs may be based on opinion, faith or knowledge.

Use

- These beliefs create brand image of products which is the reason marketers are interested in beliefs that consumers formulate about products.

Q. Define Attitude?

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- Attitude describes a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea.
- Attitude is what makes consumers like or dislike something.

Q. What is Buyer process decision

- The buying decision process is the decision-making process used by consumers regarding the market transactions before, during, and after the purchase of a good or service.

Buyer decision process work in 5 stages

1. The **first stage** in buying process is need recognition where the buyer recognizes a need. This need can be triggered either by internal stimuli(*hunger thirst*) or external stimuli(*where consumer thinks of buying a new mobile by watching an advertisement)*
2. **2nd stage:** he/she starts searching for more information about the product. Information can be gathered from several sources such as personal sources, commercial sources, public source and experiential sources
3. **3rd stage:** Consumers evaluate different products to choose the final product to purchase.
4. **4TH stage:** Consumer chooses one product to purchase and make the actual purchase decision.
5. **5th stage:** After purchasing the product, consumer may be satisfied or dissatisfied with the product.

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Q.What is adoption process

- The mental process, through which an individual passes from first learning about an innovation to final adoption, is called adoption process.

Five stages in the process of adopting a new product/innovation

1. **Awareness**
   The consumer becomes aware of the new product but have a little information about it.
2. **Interest**
   The consumer seeks information about the new product.
3. **Evaluation**
   The consumer considers whether trying the new product makes sense to him/her. Will it benefit him?
4. **Trail**
   It is very hard for consumers to buy a new product without trying. So the consumer tries the new product on a small scale to improve his or her estimate of its value
5. **Adoption**
   The consumer decides to make full and regular use of the new product.

Note:

When introducing new products in the market, marketers should know how much the product characteristics influences its rate of adoption. Some innovations are adopted too quickly like microwave while others take long time to be accepted in market.

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characteristics of products which influence new product's rate of adoption.

- **Relative advantage**
  Compatibility is the degree to which a product fits the values and experiences of potential consumers.
- **Compatibility**
  The degree to which a new product is difficult to understand or to use is also one of the product characteristics that influence the adoption rate.

- **Complexity**
  Divisibility refers to the degree to which a product may be tried on a limited basis. Consumer wants to try some expensive product before purchasing it.
- **Divisibility**
  Divisibility refers to the degree to which a product may be tried on a limited basis. Consumer wants to try some expensive product before purchasing it.
- **Communicability**
  Even if all other product characteristics that influence the adoption rate are favorable, communicability can still slow down adoption significantly

THEME 6 MGT301

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Topic: Markets and Business Buyer Behavior

Q1. What is Business Market

- In business markets, we sell products and services to other organizations rather than directly to the consumer also known as business to business market (B2B).
- In business markets a wide range of products exist from simple products (coffee, furniture, mobiles) to more complex products (aircraft, computer systems, surgical instruments etc).

Characteristics of business Market:

1. The business markets deal with few customers than consumer markets. But these few customers generate higher revenue as compared to consumer markets.
2. The business markets are more geographically concentrated than consumer markets.
3. The demand for business markets depends on consumer goods. We can say that derived demand is business demand.
4. The business markets have stronger buyer and seller dependency on each other as compared to consumer markets.
5. The marketers of B2B often closely interact with the customers to identify customer's specific needs, offer solutions to the problem and gives after sale service support.

Q2. What is Business Buyer Behavior?

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- It is the intent and behavior of the organizations to purchase the products for their use or resell to the other organizations.
- They might be the products or services that can be used in the production of other products or services.
- The role of wholesaler and retailers are also part of this behavior

Q3. What is the process of Business Buying?

1. It is the process in which the employees of the organizations decide which products or services are required, and then purchase the product by evaluating and selecting the best alternative solutions.
2. It is beneficial for (Business to Business) marketing managers to understand the concept of business markets
3. Business purchase requires more professionalism and also involves more than one decision participants.
4. Companies offer various training programs to the employees to learn how to purchase effectively.
5. More involvement of participants is required in case of complex purchase decisions.
6. Most of the companies make buying committees which are the blend of top management employees and purchase experts.

Q4. Model of business Buyer Behavior:

1. The marketers are seeking the answer to the questions that how business buyers respond to different marketing stimuli.
2. In the model, different types of stimuli affect the buying organization which leads to generating buyer responses.

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3. The stimuli enter in the organization and then converted into buyer responses.
4. The keen responsibility of the marketers is to understand what is going on within the organization to translate stimuli into purchase behavior.
5. It helps marketers to develop sound marketing strategies.
6. Within the organization, the buying activity consists of two parts; first one is the buying center in which different employees involved in decision making and the second one is the buying decision process.

Q5.What are the Key/factors influences Business Buying Behavior

The factors those influence business buyers when they are going to make purchase decisions:

1. **Environmental Factors**
   - The current and expected economic environment has a significant influence on business decision making like product demand, the current condition of the economy and facing a shortage of material supply.
   - As a result of this, many companies save more material in the warehouse to minimize the scarcity of material.
2. **Organizational Factors**
   - Every organization has its vision, mission, policies, practices, procedures and structures.
   - It is the core responsibility of marketers to understand these organizational factors.

The core questions which are addressed by the marketers are:

i. How many people involved in the decision?

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ii. What are their ranks?
iii. How we do the evaluation?
iv. What are the limits of the organization?

3. **Interpersonal Factors**
   - The business buying process many people are involved in decision making so, interpersonal factors significantly influence this process.
   - But remember it is difficult to identify the specific group dynamics and interpersonal factors
   - It is not compulsory that the highest rank officer always make a critical decision
4. **Individual Factors**
   - Each member has characteristics which are different from other members. Each member has its own goals, performances, and perceptions.
   - The distinct gender, age, personality, job rank and risk-taking abilities can influence business decision making.

Q6. Significant types of buying Situation

A buyer can face three types of buying situations

1. **Straight Rebuy**
   - In this situation, the buyer goes for purchase without any modifications or amendments.
2. **Modified Rebuy**
   - In this situation, the buyer changes the product specifications, terms and conditions, price and even supplier.
3. **New task**

- In this situation, the buyer purchases the product the first time from the supplier.

Q7. Participants in the business Buying Process

1. **User**
   - Users are those people in the organization who use the product or service.
   - They initiate the demand for the product and also help the other participants regarding product specifications.
2. **Influencers**
   - Most of the time these are the technical people who influence the purchase decision.
   - They help and guide other members regarding product specifications and also for evaluating alternative options
3. **Buyers**
   - Buyers have the formal authority to place the order and select the terms and conditions for purchase.
   - The central role of the buyer is supplier selection and negotiation.
4. **Deciders**
   - These people have the power to select or reject the vendor.
   - Sometimes the power is formal or informal.
5. **Gatekeepers**
   - They control the flow of information within the organizations.
   - They can be technical persons or personal sectaries.

Buying Process of business Buyer

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1. **Problem recognition**
   - In this step, the buyer initially identify a problem or a need and may require a product or service.
   - This can either be a result of internal or external stimuli.
2. **General Need Description**
   - After need identification, the next step is general need description in which the buyer describes the characteristics and requires the quantity of the product
3. **Product Specification**
   - In this step, the buyer describes the technical product specifications with the help of the value analysis team.
4. **Proposal Solicitation**
   - In this step, the buyer searches the appropriate supplier.
   - In the process of supplier search, the buyer uses some phone directories, do an internet search and also contact other organizations for guidance.
5. **Supplier Search**
   - Only eligible suppliers submit the proposals in this stage.
   - In case when the product is complex, the supplier gives additional detailed written proposals or sometimes gives presentations.
6. **Supplier Selection**
   - In this step, the buyer read all the proposals and then selects the best supplier.

7. **Order-Routine Specification**

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- Now the buyer finally prepares order routine specifications which include technical specifications, order quantity, warranties, maintenance and repair, etc.

8. **Performance Review**
    - In the last stage, the buyer reviews the performance of the supplier and analyzes the satisfaction level of the users.

Q8. What is Institutional Markets:

- Institutional markets are based on different types of institutions like schools, railways, airline etc.
- Most of the institutes provide goods and services to the people in their care.
- These are huge markets and each institute has its own needs and requirements.

Q9. What is Government Markets

- In many countries, government is the primary buyer and supplier of different items.
- The government provides large or small opportunities to the other companies.
- Government buyers are also affected by outside environmental factors, interpersonal and organizational factors as well.

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