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| CMR<br>INSTITUTE OF<br>TECHNOLOGY        |  |           |    |               |    |      |       |  |     |     |
| Internal Assessment Test - I<br>Solution |  |           |    |               |    |      |       |   |     |     |
| Sub:                                     | Marketing Management   |           |    |               |    |      | Code: | 22MBA105  |     |     |
| Date:                                    | 05 Feb '25   | Duration: | 90 | Max<br>Marks: | 50 | Sem: | I     | Branch:   | MBA |     |
| SET- 2                                   |  |           |    |               |    |      |       |   |     |     |
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|  | Part A - Answer Any Two Full Questions ( 2* 20 = 40 marks)   |           |    |               |    |      |       |   |     |     |
| 1 (a)                                    | <p>Distinguish between the terms market and marketing<br/>A market is a place where buyers and sellers meet to exchange goods and services, while marketing is the process of promoting those goods and services.<br/>Market</p> <ul style="list-style-type: none"><li>• A physical or virtual space where buyers and sellers interact</li><li>• A collection of potential customers, businesses, or individuals who share similar needs</li><li>• A concept or area affected by various regional or industry-specific factors</li><li>• A place where transactions take place, helping people exchange products or services</li></ul> <p>Marketing</p> <ul style="list-style-type: none"><li>• A strategic process employed to reach and engage customers</li><li>• A series of activities that facilitates the smooth flow of goods and services from manufacturers to customers</li><li>• A function necessary for any business to thrive in the market</li><li>• A comprehensive term that involves all the activities, research, designing, pricing, promotion, transportation and distribution</li></ul> |           |    |               |    |      | [03]  | CO1   | L2  |     |
| (b)                                      | <p>Describe the evolution of marketing concepts.<br/>Although the concept of marketing emerged after the industrial revolution, the change in businesses in terms of adapting to the concept came about gradually. It took many years for businesses to realize that satisfying customers is the key for making sales and profits in the long run. Businesses have gone through different phases or stages of marketing over the years. These stages can be classified as the production, product, sales and marketing eras.</p> <p>Philip Kotler has given five competitive/alternative concepts.<br/>They include:</p> <ol style="list-style-type: none"><li>1. The Production Concept</li><li>2. The Product Concept</li><li>3. The Selling Concept</li><li>4. The Marketing Concept</li><li>5. The Societal Concept</li></ol>  |           |    |               |    |      | [07]  | CO1   | L2  |     |

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|  | <p>These concepts may be termed as the approaches or, sometimes, the evolution stages of marketing development. When they are taken as the evolution stages, the order (sequence) from the first concept to the last concept must be maintained. First three concepts are traditional; the fourth is modern concept; and the last is the latest concept. Today's marketing practices are based on combination of last three concepts. Below figure shows alternative concepts with key elements.</p> <p><b>Production Concept</b><br/>The idea of production concept – “Consumers will favor products that are available and highly affordable”. This concept is one of the oldest Marketing management orientations that guide sellers. Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective. Most times; the production concept can lead to marketing myopia. Management focuses on improving production and distribution efficiency. Yet, in some situations the production concept is still a useful philosophy.</p> <p><b>Product Concept</b><br/>The product concept holds that the consumers will favor products that offer the most in quality, performance and innovative features. Here, under this concept, marketing strategies are focused on making continuous product improvements. Product quality and improvement are important parts of marketing strategies, sometimes the only part. Targeting only on the company's products could also lead to marketing myopia.</p> <p><b>Selling Concept</b><br/>The selling concept holds the idea- “consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort”. Here the management focuses on creating sales transactions rather than on building long-term, profitable customer relationships.</p> <p>In other words; the aim is to sell what the company makes rather than making what the market wants. Such aggressive selling program carries very high risks. In selling concept the marketer assumes that customers will be coaxed into buying the product and then they will like it, if they don't like it, they will possibly forget their disappointment and buy it again later. This is usually very poor and costly assumption.</p> <p><b>Marketing Concept</b><br/>The marketing concept holds- “achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do”. Here marketing management takes a “customer first” approach. Under the marketing concept, customer focus and value are the routes to achieve sales and profits. The marketing concept is a customer-centered “sense and responds” philosophy. The job is not to find the right customers for your product but to find the right products for your customers. The marketing concept and the selling concepts are two extreme concepts and totally different from each other.</p> <p><b>Societal Marketing Concept (SMC)</b><br/>According to the marketing concept, marketers focused on customer needs and wants in their marketing decisions, for long-term profitability.</p> |  |  |  |
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|     | However, they realized that unless they include societal interests in their marketing decisions, they will not be able to make profits in the long run.  |      |     |    |
| (c) | <p>Explain how a business environment is analyzed using PESTEL model</p> <p>A PESTEL analysis or more recently named PESTELE is a framework or tool used by marketers to analyse and monitor the macro-environmental (external marketing environment) factors that have an impact on an organisation. The result of which is used to identify threats and weaknesses which are used in a SWOT analysis.</p> <p>PESTEL stands for:</p> <ul style="list-style-type: none"> <li>● <b>P – Political</b></li> <li>● <b>E – Economic</b></li> <li>● <b>S – Social</b></li> <li>● <b>T – Technological</b></li> <li>● <b>E – Environmental</b></li> <li>● <b>L – Legal</b></li> <li>● <b>E - Ethical (NEW)</b></li> </ul> <p>All the external environmental factors (PESTEL factors)</p> <p><b>Political Factors</b></p> <p>These are all about how and to what degree a government intervenes in the economy. This can include – government policy, political stability or instability in overseas markets, foreign trade policy, tax policy, labour law, environmental law, trade restrictions and so on.</p> <p>It is clear from the list above that political factors often have an impact on organisations and how they do business. Organisations need to be able to respond to the current and anticipated future legislation, and adjust their marketing policy accordingly.</p> <p><b>Economic Factors</b></p> <p>Economic factors have a significant impact on how an organisation does business and also how profitable they are. Factors include – economic growth, interest rates, exchange rates, inflation, disposable income of consumers and businesses and so on.</p> <p>These factors can be further broken down into macro-economical and micro-economical factors. Macro-economical factors deal with the management of demand in any given economy. Governments use interest rate control, taxation policy and government expenditure as their main mechanisms they use for this.</p> <p>Micro-economic factors are all about the way people spend their incomes. This has a large impact on B2C organisations in particular.</p> | [10] | CO1 | L2 |

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|  | <p><b>Social Factors</b></p> <p>Also known as socio-cultural factors, are the areas that involve the shared belief and attitudes of the population. These factors include – population growth, age distribution, health consciousness, career attitudes and so on. These factors are of particular interest as they have a direct effect on how marketers understand customers and what drives them.</p> <p><b>Technological Factors</b></p> <p>We all know how fast the technological landscape changes and how this impacts the way we market our products. Technological factors affect marketing and the management thereof in three distinct ways:</p> <ul style="list-style-type: none"> <li>• New ways of producing goods and services</li> <li>• New ways of distributing goods and services</li> <li>• New ways of communicating with target markets</li> </ul> <p><b>Environmental Factors</b></p> <p>These factors have only really come to the forefront in the last fifteen years or so. They have become important due to the increasing scarcity of raw materials, pollution targets, doing business as an ethical and sustainable company, carbon footprint targets set by governments (this is a good example where one factor could be classed as political and environmental at the same time). These are just some of the issues marketers are facing within this factor. More and more consumers are demanding that the products they buy are sourced ethically, and if possible from a sustainable source.</p> <p><b>Legal Factors</b></p> <p>Legal factors include - health and safety, equal opportunities, advertising standards, consumer rights and laws, product labelling and product safety. It is clear that companies need to know what is and what is not legal in order to trade successfully. If an organisation trades globally this becomes a very tricky area to get right as each country has its own set of rules and regulations.</p> <p><b>Ethical Factors</b></p> <p>The most recent addition to PESTEL is the extra E - making it PESTELE or STEEPLE. This stands for ethical, and includes ethical principles and moral or ethical problems that can arise in a business. It considers things such as fair trade, slavery acts and child labour, as well as corporate social responsibility (CSR), where a business contributes to local or societal goals such as volunteering or taking part in philanthropic, activist, or charitable activities.</p> <p>Big brands often take part in CSR - examples include:</p> <ul style="list-style-type: none"> <li>• Innocent's 'big knit' campaign creating hats for their drinks to raise money for Age UK</li> </ul> |  |  |  |
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|       | <ul style="list-style-type: none"> <li>• McDonalds' youth programme to provide pre-employment training and development</li> <li>• Barclay's Digital Eagles programme which provides training on coding and information on digital skills for staying safe online &amp; improving confidence</li> </ul>   |      |     |    |
| 2 (a) | <p>What is Consumer Behavior? Why is it important for marketers?</p> <p>Consumer Behavior is the study of how individuals make decisions about purchasing, using, and disposing of goods and services, including the factors that influence their choices, like personal needs, social influences, and marketing strategies; it's crucial for marketers because it allows them to understand why consumers buy certain products, enabling them to tailor their marketing campaigns to effectively target and reach customers with the right message, ultimately increasing sales and brand loyalty.</p> <p>Key points about Consumer Behavior and its importance for marketers:</p> <p><b>Understanding motivations:</b><br/>By studying consumer behavior, marketers can identify what drives customers to make purchases, including their needs, desires, and motivations.</p> <p><b>Targeted marketing:</b><br/>This knowledge helps marketers develop targeted marketing campaigns that resonate with specific consumer segments based on their demographics, lifestyle, and preferences.</p> <p><b>Product development:</b><br/>Understanding consumer behavior allows companies to design products and services that effectively meet customer needs and address pain points.</p> <p><b>Predicting trends:</b><br/>By analyzing consumer behavior patterns, marketers can anticipate future trends and adapt their strategies accordingly.</p> <p><b>Customer retention:</b><br/>Knowing what influences consumer loyalty helps businesses build stronger relationships with customers and encourage repeat purchases.</p> <p>Factors influencing consumer behavior:</p> <ul style="list-style-type: none"> <li>• <b>Psychological factors:</b> Perception, motivation, learning, attitudes, personality</li> <li>• <b>Social factors:</b> Family, friends, reference groups, culture</li> <li>• <b>Personal factors:</b> Age, income, occupation, lifestyle</li> <li>• <b>Situational factors:</b> Shopping environment, time pressure, mood</li> </ul> | [03] | CO2 | L1 |
| (b)   | <p>Evaluate how Maslow's Hierarchy of Needs is used by marketers in the car industry.</p> <p>Maslow's hierarchy of needs is a theory that organizes human needs into a hierarchy, with the most basic needs at the bottom and the most advanced needs at the top. The theory is often depicted as a pyramid.</p> <p>The five needs</p>   | [07] | CO1 | L5 |

**Physiological needs**

The most basic needs, such as food, water, shelter, and sleep

**Safety needs**

Needs that provide a sense of security, such as protection from harm, financial security, and job security

**Social needs**

Needs that involve relationships and belonging, such as friendship, intimacy, and family

**Esteem needs**

Needs that involve self-esteem and respect, such as dignity, achievement, and status

**Self-actualization needs**

Needs that involve reaching one's full potential, such as creativity, self-fulfillment, and personal growth



## Maslow's hierarchy of needs

Yes, marketers in the car industry use Maslow's hierarchy of needs to understand and influence their target market. This model helps marketers tailor their marketing strategies to appeal to different needs of their customers.

How marketers use Maslow's hierarchy of needs

**Safety**

Marketers can highlight a car's safety features to appeal to customers who are concerned about the safety of their family. For example, Volvo has positioned itself as a brand that prioritizes safety.

**Esteem**

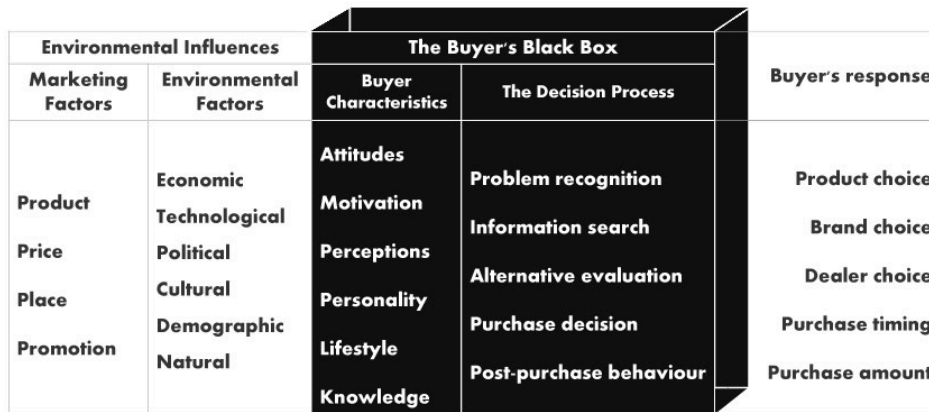
Marketers can appeal to customers who want to feel respected and recognized. For example, luxury car brands may position themselves as a symbol of status.

**Self-actualization**

Marketers can appeal to customers who want to improve their world and give back.

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| (c) | <p>What is Black Box with regard to consumer behavior? Explain the concept using the block diagram.</p> <p>In consumer behavior study in marketing, the human brain is referred as the black box, which takes all decisions as a consumer. The black box model of consumer behavior identifies the stimuli responsible for buyer behavior. Hence, to impact the decision making of a consumer, the focus must be to change the stimuli so as to entice the mind to take a</p> | [10] | CO2 | L2 |
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decision



### Importance of Black Box Model

For any company, it is important for them to understand the mind of the consumer. Companies ensure that their products & services are communicated with the consumer via advertisements & promotions. The stimuli, whether advertisement and other forms of promotion about the product, that is presented to the consumer by the marketer and the environment is dealt with by the buyer's black box or human mind.

Understanding a customer's mind, buying patterns, decision making process, decision triggers etc. are critical for any business or marketer to succeed. Based on these customer behaviors, a company can invest in marketing & promotion, and look to earn return on those investments more tactfully.

### Components of Black Box

The buyer's black box or mind, comprises two sub components - the buyer's characteristics and the buyer decision process.

#### 1. Buyer's Characteristics

The buyer's characteristics could be personal, social, cultural and psychological. These are internal to the buyer and the marketer cannot hope to bring much change into this.


#### 2. Decision Making Process

The buyer's decision making process consists of the following steps:

- a. Problem recognition:** The consumer identifies the need for a product
  - b. Information search:** Once the need has been recognized, the consumer will look for more information on the various products that satisfy the need. For example, if the consumer is looking for a cellphone-he might want to get in-depth knowledge of various phones available in the market
  - c. Evaluation of alternatives:** The set of all phones are then compared upon certain parameters that the user will desire in his product. For example the user might compare phones on style, design, features, aesthetics etc.
  - d. Purchase decision:** Based on the above parameters, the user ranks the products and then buys the one which fits all criteria
  - e. Post purchase behavior:** The user might want to revise his views on the product or criteria of selection based on the product's performance.
- The black box model considers the buyer's response as a result of a conscious and well-informed decision making process in which he is not impulsive.

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| 3 (a) | <p>What is the meaning of consumer behaviour?</p> <p>Consumer behavior is the study of how people, groups, and organizations decide to buy, use, and dispose of products and services. It also includes how consumers think about brands, how they are influenced by marketing, and how they are affected by their emotions, attitudes, and preferences.</p>   | [03] | CO2 | L1 |
| (b)   | <p>Analyze the reasons for some brands/businesses that failed in business due to marketing myopia.</p> <p>Brands and businesses often fail due to marketing myopia when they become too focused on their own products and services, neglecting to adapt to changing customer needs and market trends, leading to a lack of innovation and ultimately, irrelevance in the marketplace; key reasons include: over-reliance on existing products, poor market research, failure to recognize emerging technologies, resistance to change, and a lack of customer-centric focus which prevents them from identifying new opportunities and responding to evolving consumer behavior.</p> <p>Specific examples of marketing myopia leading to business failure:</p> <p><b>Kodak:</b><br/>Despite inventing the digital camera, Kodak clung to its traditional film business for too long, failing to capitalize on the shift to digital photography, eventually leading to its decline.</p> <p><b>Blockbuster:</b><br/>By not adapting to the convenience of online streaming services like Netflix, Blockbuster focused solely on its physical rental store model, causing its eventual downfall.</p> <p><b>Sears:</b><br/>Sears prioritized its brick-and-mortar stores over online shopping, failing to keep up with the changing retail landscape and losing market share to online competitors.</p> <p><b>Nokia:</b><br/>While dominating the mobile phone market with basic phones, Nokia was slow to adapt to the touchscreen smartphone revolution, losing market share to Apple and Samsung.</p> <p>Key factors contributing to marketing myopia:</p> <p><b>Internal focus:</b><br/>Companies overly focused on internal operations and production processes, neglecting to actively monitor external market changes and customer needs.</p> <p><b>Product-centric approach:</b><br/>Defining the business solely by its product rather than the customer needs it fulfills, leading to a lack of flexibility when market demands shift.</p> <p><b>Poor market research:</b><br/>Not conducting thorough market research to understand evolving customer preferences and emerging trends, resulting in outdated product offerings.</p> | [07] | CO1 | L4 |



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|     | <p><b>Resistance to change:</b><br/>Fear of disrupting existing operations and a reluctance to embrace new technologies or business models, hindering innovation.</p> <p><b>Short-term focus:</b><br/>Prioritizing immediate profits over long-term strategic planning, neglecting investments in research and development to stay ahead of competition.</p> <p><b>Overconfidence in brand loyalty:</b><br/>Assuming customers will always remain loyal to a brand even when better alternatives emerge, leading to complacency.</p>  |      |     |    |
| (c) | <p>Explain the stages of the consumer buying decision process with an example.</p> <p>The consumer buying decision process typically consists of five stages: problem recognition (need recognition), information search, evaluation of alternatives, purchase decision, and post-purchase behavior; for example, if someone needs a new phone, they would first recognize the need for an upgrade, then research different models online and in stores, compare features and prices, finally deciding to buy a specific phone and then evaluating their satisfaction with it after use.</p>  <pre> graph LR     1((1)) --- 2((2))     2 --- 3((3))     3 --- 4((4))     4 --- 5((5))     5 --- 6((6))     1 --- 3     3 --- 5     5 --- 6   </pre> <p>Breakdown of the stages:</p> <p><b>Problem Recognition:</b><br/>This is when a consumer realizes they have a need or want that needs to be fulfilled, like noticing their old phone is slow and outdated.</p> <p><b>Information Search:</b><br/>The consumer actively looks for information about potential solutions to their need, such as reading reviews, comparing phone specifications online, or asking friends for recommendations.</p> <p><b>Evaluation of Alternatives:</b><br/>The consumer compares different options based on their criteria (like price, features, brand reputation) and narrows down their choices to a few preferred alternatives.</p> <p><b>Purchase Decision:</b><br/>The consumer makes the final decision to buy a specific product, considering factors like price, availability, and promotion offers.</p> <p><b>Post-Purchase Behavior:</b><br/>After buying the phone, the consumer evaluates their satisfaction with</p> | [10] | CO2 | L2 |

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|   | <p>the purchase and may decide to recommend it to others or return it if they are not happy.</p> <p>Key points to remember:</p> <p><b>Internal vs. External Stimuli:</b><br/>Needs can be triggered by internal factors (like hunger) or external factors (like seeing an advertisement).</p> <p><b>Consideration Set:</b><br/>The group of options a consumer seriously considers during the evaluation stage.</p> <p><b>Cognitive Dissonance:</b><br/>The feeling of uncertainty after a purchase, which can be mitigated by positive post-purchase experiences.</p>   |      |     |    |
| 4 | <p>While there are various approaches to business, companies are forced to follow sales orientation because the results are measured in short-term and incentives are based on short-term achievements. This leads to a high level of resistance when marketing managers and consumers are faced with a challenge of taking care of customers. In the light of the above case, answer the following questions.</p> <p>(a) Recommend various approaches to businesses that you learned ie from Productions to Societal Marketing Approaches for various industries.</p> <p>Ans:<br/>Marketing concepts are fundamental philosophies that guide a firm's approach to marketing and how it interacts with its clients. Over time, several different marketing concepts have emerged, reflecting changes in market dynamics, client behavior, and business plans. Here are some of the key marketing concepts:</p> <p><b>Production Concept</b><br/>The production concept has been stated below.</p> <ul style="list-style-type: none"> <li>○ This concept focuses on maximizing production efficiency and lowering production costs. It thinks that clients favor products that are widely available and affordable.</li> <li>○ The production concept is often suitable for firms where demand exceeds supply, and the goal is to produce as much as possible.</li> </ul> <p><b>Product Concept</b><br/>The product concept has been stated below.</p> <ul style="list-style-type: none"> <li>○ The product concept emphasizes the quality, features, and performance of a product. It thinks that clients will choose products that offer the most in terms of quality and features.</li> <li>○ Firms following this concept often invest heavily in research and development to create innovative and superior products.</li> </ul> <p><b>Selling Concept</b></p> <ul style="list-style-type: none"> <li>○ The selling concept is centered on the idea that clients will not buy a product or service unless they are aggressively swayed to do so. Firms using this concept focus on promotional and sales efforts to sway clients to make a purchase.</li> <li>○ This concept is often seen in industries with high match and where products are not necessarily in high demand.</li> </ul> <p><b>Marketing Concept (Market-Oriented Concept)</b></p> | [05] | CO1 | L4 |
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|  | <ul style="list-style-type: none"> <li>○ The marketing concept stresses knowing client needs and wants and giving superior value to satisfy those needs. It affects analysing client choices, tailoring products and services, and building strong client affinities.</li> <li>○ In the marketing concept, the focus is on client delight and long-term client affinities rather than short-term sales.</li> </ul> <p><b>Societal Marketing Concept</b></p> <ul style="list-style-type: none"> <li>○ This concept extends the marketing concept by thinking not only client needs but also societal well-being. It applies making products that benefit society while meeting client needs.</li> <li>○ Firms adopting the societal marketing concept take into account ethical and environmental crises in their trade rules.</li> </ul> <p>(b) Analyze the functions of any business if they adopt (1) Sales orientation Vs (2) Marketing orientation.</p> <p>Ans:</p> <p><b>(1) Sales orientation</b></p> <p>A company operating under a "sales orientation" prioritizes aggressive sales tactics and heavily relies on their sales team to promote and sell products, often prioritizing quick sales volume over deeply understanding customer needs and market conditions, using strategies like high-pressure selling, heavy promotions, and broad market reach to achieve immediate results; essentially, they focus on convincing customers to buy through persuasive sales techniques rather than tailoring products to specific customer desires.</p> <p>Key characteristics of a sales-oriented company:</p> <p><b>Sales team focus:</b><br/>The sales department is considered the most important, receiving significant resources and training to maximize sales performance.</p> <p><b>High-pressure selling:</b><br/>Using assertive tactics like limited-time offers, discounts, and strong sales pitches to push customers towards a purchase.</p> <p><b>Broad market approach:</b><br/>Targeting a large customer base without deep market segmentation, assuming most people are potential buyers.</p> <p><b>Heavy promotion reliance:</b><br/>Utilizing large-scale marketing campaigns and promotional offers to create awareness and drive immediate sales.</p> <p><b>Short-term focus:</b><br/>Prioritizing quick wins and sales targets over long-term customer relationships and market research.</p> <p><b>Less customer-centric:</b><br/>May not prioritize understanding customer needs and tailoring products accordingly, focusing more on selling what's already available.</p> <p>Examples of sales-oriented strategies:<br/>Door-to-door selling, Cold calling, Aggressive price discounts and promotions, High-commission sales incentives, and Pushy sales tactics.</p> <p><b>(2) Marketing Orientation</b></p> <p>A company functioning under a "marketing orientation" prioritizes understanding and meeting the needs of its target market by designing products and services specifically tailored to those needs, heavily relying on</p> |  |  |  |
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|  | <p>market research to gather customer insights and continuously adapt their offerings to better satisfy customer wants and desires, essentially putting the customer at the center of all business decisions.</p> <p>Key aspects of a marketing-oriented company:</p> <p><b>Customer-centric approach:</b><br/>The primary focus is on identifying and addressing customer needs, not just selling existing products.</p> <p><b>Extensive market research:</b><br/>Companies conduct thorough research to understand customer demographics, behaviors, and pain points to inform product development.</p> <p><b>Product customization:</b><br/>Products and services are designed with specific customer segments in mind, offering features and benefits that directly align with their needs.</p> <p><b>Cross-functional collaboration:</b><br/>All departments within the company, from marketing to production, are aligned on the customer focus and work together to deliver a satisfying customer experience.</p> <p><b>Feedback loop:</b><br/>Companies actively gather feedback from customers to continuously improve their offerings and adapt to changing market dynamics.</p> |  |  |  |
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