

4.18 Difference between cost based and value-based pricing

ব্যয়ভিত্তিক এবং মানভিত্তিক মূল্য নির্ধারণ পদ্ধতির পার্থক্য

The differences between cost based and value-based pricing are discussed below: -

Topics	Cost based pricing	Value based pricing
Basis:	Cost based pricing is guided by the product.	Value based pricing is guided on customer perceptions of the product value.
Estimate:	It estimates the costs of making the product.	It estimates the customer needs and value perceptions.
Set:	It sets a price that covers costs plus a target profit.	It sets a price that covers consumer's perceived value.
Value:	It convinces buyers of product value.	It designs product to deliver desired value at target price.
Profit:	It results in low profits.	It results in high profits.

? How can you differentiate cost based and value-based pricing?

NU 2005, 2012

4.19 Difference between market skimming and pricing market penetration

সরতোলা মূল্য নির্ধারণ এবং প্রবেশভিত্তিক মূল্য নির্ধারণ পদ্ধতির মধ্যে পার্থক্য

The major differences between market skimming pricing and market penetration pricing are shown below:

Topics	Market skimming pricing	Market penetration pricing
Definition	Market skimming pricing is setting a high price for a new product to skim maximum revenue layer by layer from the segments willing to pay the high price.	Market penetration pricing is setting a low price for a new product in order to attract a large number of buyers and with a large market share.

1.07 Marketing Management is Demand Management

বাজারজাতকরণ ব্যবস্থাপনা হলো চাহিদা ব্যবস্থাপনা

Marketing management is also called as demand management. The following demands are managed by marketing:

Marketing = Demand Management	
● Negative demand	● Full demand
● No demand	● Overfull demand
● Latent demand	● Unwholesome demand
● Declining demand	
● Irregular demand	

The basic demands which are managed by marketing management are discussed below:

- 1. Negative demand (ঋণাত্মক চাহিদা):** When any customer dislikes any specific product and avoids buying that product, then it is called negative demand. For example: vaccine, dental treatment etc.

Management task:

- To investigate the causes of dislike the product.
- Implement new marketing strategies to change the customer's attitude regarding the products.
- Re-design the product.
- Reduce the price of the products.

As the function of marketing management is to convert negative demand into positive demand, so these types of task of marketing management are called conversional marketing.

- 2. Zero (No) demand (শূন্য চাহিদা):** When there have no idea or interest about any product, then it is called zero demand. For example: A village housewife may have zero demand for micro wave woven or washing machine though she has money to buy those.

Management task: Marketing management can create demand for the product, which has no demand by the following way:

- Include the product in the existing product line.
- Provide exciting information about the product quality and use of the product, so that the customers become stimulated and attracted to purchase the product.
- Invention of substitute products.

These types of task of marketing management are called **stimulating marketing**.

There are three factors that are generally seen as determining the success of an SBU:

1. The degree of autonomy given to each SBU manager;
2. The degree to which an SBU shares functional programs and facilities with other SBUs; and
3. The manner in which the corporation adopts to new changes in the market

Word meaning:

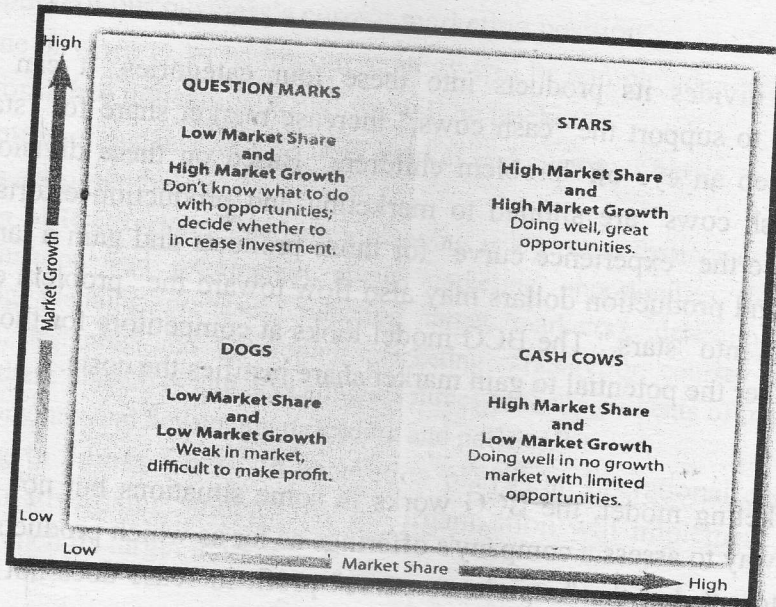
Discrete	বিযুক্ত	Campaign	প্রচারণা	Composed	প্রণীত
Influence	প্রভাব	Separate	পৃথক	Autonomous	স্বশাসিত
Flexible	নমনীয়	Structure	কাঠামো	Commonalities	মিল/অভিন্ন

? Give the definition of Strategic Business Unit (SBU).

2.12 Boston Consulting Group (BCG) approach

বোস্টন কনসাল্টিং গ্রুপ অ্যাপ্রোচ

The BCG Strategic Portfolio Model is a method of approaching and analyzing business marketing and growth developed by the Boston Consulting Group. The primary guiding principle of the BCG group's strategy is that experience in a market share leads to reduced costs and higher profits. This model uses the BCG marketing matrix, a system to classify business enterprises based on their potential for profits and growth. The model also applies mathematical formulas to business enterprises or products to calculate potential growth and earnings.



(viii) Functional Plan: A functional plan is a plan for one of the major functions of a company, such as marketing, manufacturing, manpower, finance, or research and development. It describes plans for sub functions within a major function; such as, in the marketing function, an advertising plan, a sales promotion plan, a sales-force plan, and a marketing research plan.

Most of these plans have a marketing component. In fact, the marketing component is essential but usually takes priority in the plan's development. Planning starts with the question – How great a sales volume can be hoped to obtain at a profit?

This step is answered by marketing analysis and the development of a marketing plan. After this plan is approved, the non marketing executives start working on manufacturing, financial, and personnel plans to support the marketing plan. The marketing plan is foundation for the planning of the other activities of the company.

?

Describe the Nature of Marketing Planning.

2.16 Major Elements of Marketing Planning

বিপণন পরিকল্পনার প্রধান উপাদান

The marketing plan details the strategy that a company will use to market its products to its target customers. The plan identifies the target market, the value proposition of the product, the campaigns to be initiated, and the metrics to be used to measure the effectiveness of marketing initiatives. The major elements of marketing planning are discussed below:

1. Objectives or Goals (উদ্দেশ্য ও লক্ষ্য): We have a statement of the company's objectives including a forecast of sales, market share, and profits and expenses. The primary objective is, of course, increase in profits. To achieve this, we have a set of specific goals such as increase of the total market share or 20% increase in the sales turnover.

2. Programmes (প্রোগ্রাম): A programme is the second element of a marketing plan. A programme is an action plan, a detailed part of the plan. It points out the responsibilities of each department involved in marketing effort. Each programme is expected to achieve the set goals within a specified period.

Each department operates and carries out the allotted functions according to its programme. We have product programme for the development of new products, advertising and sales promotion programme for effective marketing communication, physical distribution programme (covering transport, storage, inventory control and processing) for assuring best customer service at the lowest cost as far as possible.

2 Define strategic plan.**NU BBA Professional 2009, 2010, 2013****ANSWER:**

Simply, strategic plan is a broadly-defined plan aimed at creating a desired future. In broad sense, Strategic plan is a process in which organizational leaders determine their vision for the future as well as identify their goals and objectives for the organization.

Some definitions about strategic plan from various scholars are mentioned below:-

- ▶ **According to Henry Mintzberg**, "Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy."
- ▶ **According to Dennis D. McDonald**, "A strategic planning process delivers a set of defined initiatives (projects) that achieve a desired set of business goals."
- ▶ **According to Robert W. Bradford**, "Strategic planning is a methodical process for creating a map for the general path your company is to follow, with the intention to increase your organization's potential."
- ▶ **According to Peter Duncan**, "Strategic plan is a systematic process of envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them."

From the above definitions it is clear to us that a strategic plan will generally include:-

- An executive summary, which is usually written at the end of the process;
- A company description;
- Your mission, vision and value statements;
- A strategic analysis that can be in the form of a SWOT analysis (strengths, weaknesses, opportunities and threats);
- An explanation of your strategies and tactics;
- An action plan;
- Budget and operating plans;
- Detailed monitoring and evaluation methods.

Finally, we can say that strategic plan is a process of decisions made by an organization to set goals and to outline a course of action to achieve those goals, to grow the business and to help the business be profitable.