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.

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.

4	**Discuss the relationships between strategy, strategic plan and strategic management. NU BBA Prof. 2010**

ANSWER:

There are many relationships between strategy, strategic plan and strategic management. The major relationships between strategy, strategic plan and strategic management are discussed below:

Subject Matter	Strategy	Strategic Planning	Strategic Management
Definition	Strategy is the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources for carrying out these goals.	Strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy.	Strategic management is a field that deals with the major intended and emergent initiatives taken by general managers on behalf of owners.
Meaning	Strategy is a detailed plan for achieving success in one part or all parts of a business.	Strategic Planning is a future oriented activity which tends to determine the organizational strategy and used to set priorities.	Strategic Management implies a bundle of decisions or moves taken in relation to the formulation and execution of strategies to achieve organizational goals.
Stresses on	It stresses on a plan of action designed to achieve a long-term or overall aim.	It stresses on making optimal strategic decisions.	It stresses on producing strategic results, new markets, new products, new technologies etc.
Management	Strategy is a management by goals.	Strategic planning is a management by plans.	Strategic management is a management by results.

3	**Distinguish between strategy and strategic plan.**	**NU BBA Pre...**

ANSWER:

A strategy is a blueprint, layout, design, or idea used to accomplish a specific ... the other hand, a strategic plan is a document that establishes the direction of a ... or work unit. The differences between strategy and strategic plan are discussed ...

Strategy	**Base of Difference**	**Strategic Planning**
Strategy generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions.	**Definition**	Strategic planning is a process ... organizational leaders determine ... for the future as well as identify ... and objectives for the organization.
A plan of action designed to achieve a long-term or overall aim.	**Meaning**	A systematic process of env... desired future, and translating ... into broadly defined goals or obj... a sequence of steps to achieve them.
Strategy is the path chosen for achieving the objectives.	**What is it?**	Strategic planning is a road ... accomplishing any task.
The strategy is a master game plan designed for achieving the objectives of an organization.	**Objective**	The initial objective of a strategic ... clearly identify company goals ... a way to use company resources ... them.
Strategy is based on Practical considerations.	**Basis**	Strategic plan is based on assum...
Strategy is action oriented.	**Orientation**	Strategic planning is future orien...
Strategy leads to planning.	**Lead**	Strategic planning leads to prog...
Strategy is for the long term.	**Term**	Strategic planning can be for s... long term depending ... circumstances.
Strategy is a part of decision-making.	**Part**	Strategic planning is a par... managerial process.

Finally, we can say that both strategy and strategic plan are made by the ... managers as they know the mission and vision of the organization clearly, ... make their plans and strategies to take a step forward towards their mission and ...

3.20 Individual Differences in Innovativeness
নতুনত্বের মধ্যে ব্যক্তিক পার্থক্য

In each product area, there are consumption pioneers and early adopters, other individuals adopt new products much later. **An example: Still there some people who didn't purchase mobile phone. This is because they fell that the price of mobile phone will be reduced in course of time.** A classification of adopters based on extensive research is illustrated below.

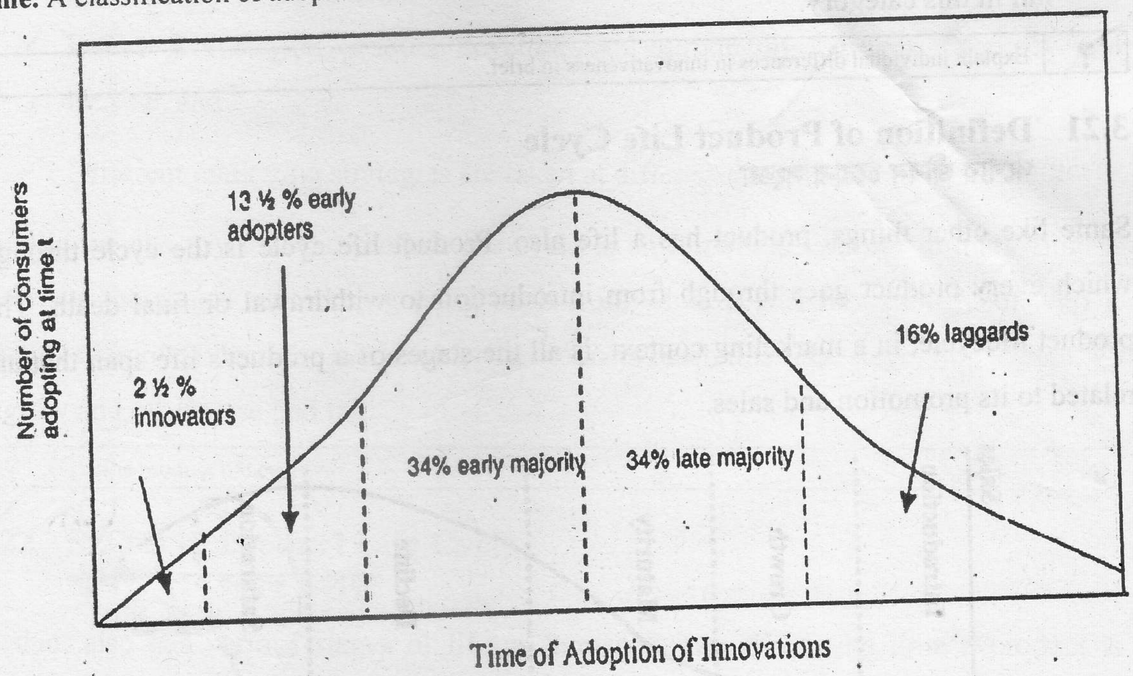

Figure: Classification of adopters

1. **Innovators (আবিষ্কারক):** One of the most important characteristics of the innovators is to adopt an innovation within very less time, i.e. they require a shorter adoption period than any other category. About 2.5% people fall in this category.

2. **Early adopters (দ্রুত গ্রহণকারী):** There are 13.5% consumers, who are basically little conscious about a new product. After searching they purchase the product very earlier, they are called early adopters.

3. **Early majority (প্রথম সংখ্যাগরিষ্ঠ):** 34 % people in our society purchase the product before purchasing most of the people they are called early majority.

3	What are the major considerations in constructing a company's product mix? [NU 2010]

ANSWER:

Product mix dimensions / decision consists product mix length, product mix widths, product mix depth, and product mix consistency. Product mix dimensions are based on the basis of number of product lines and product items.

The product-mix is 4 dimensioned, as a company's product mix contains width, length, depth & consistency. Let's discuss these 4 fold dimensions:

1. **The width (প্রশস্ত):** The width of product mix refers to how many different product lines in the company carries. The word width refers to the extent of different product lines in the product mix offered by an organization.
2. **The depth (গভীরতা):** The word depth applies to the number of product items offered by an organization within a particular product line. It means the variants offered of each product in the line.

   EXAMPLE: Lux comes in 2 sizes & 4 fragrances, so it has a depth of 2×4=8
3. **The length (দৈর্ঘ্য):** The length of the product mix refers to the total number of items in the mix. We can calculate the average length of a line by dividing the total length by number of lines.

   EXAMPLE: If there are 30 items in a product mix & 10 product lines, then average length of a line: 3o÷10= 3 items.
4. **The consistency (দৃঢ়তা):** Consistency refers to the close relationship of various product lines either to their end use or to production requirements or to distribution channels or to other variables.

   EXAMPLE: HUL product lines are consistence in the sense they all are consumer goods & go through the same distribution lines.

From the above discussion we can say that a company can extend his / her business with the consideration of product mix decision.

4	Discuss the Product-mix strategies. [NU 2007, 2011]

ANSWER:

To be successful in marketing, producers & middlemen need carefully planned strategies for managing their product mixes. The major product mix decisions are:

1. **positioning,**
2. **expansion,**
3. **alternations &**
4. **contraction.**