IBPS SO MAINS MARKETING

PREVIOUS PAPER

-Held on 28th January 2024-

IBPS SO MARKETING MAINS PREVIOUS PAER HELD ON 28TH JANUARY 2024

BREAK EVEN

What is Break Even?

- It's the magic point where your business isn't making a profit, but isn't incurring a loss either. It's like standing on a tightrope, perfectly balanced!

How to calculate it?

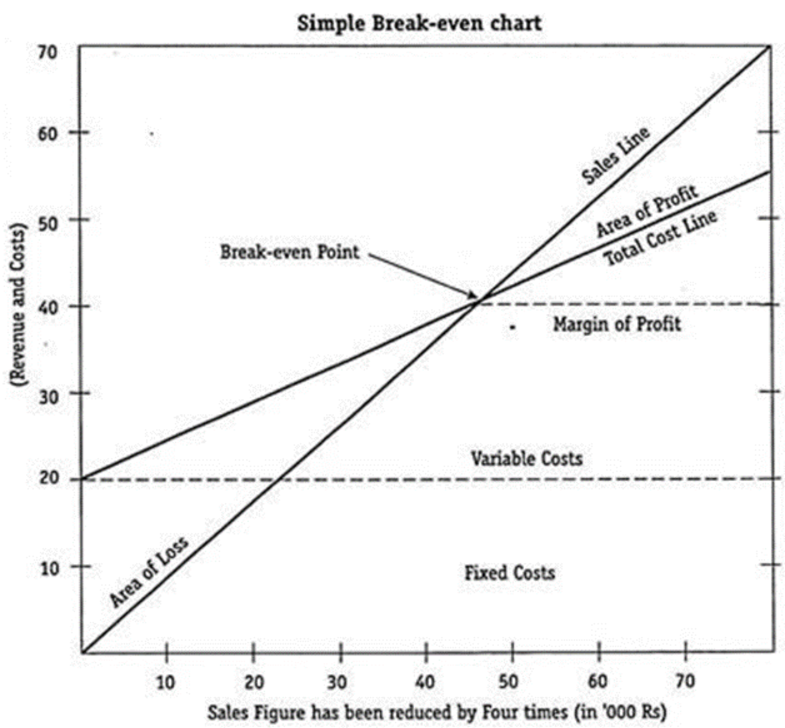
- Here's the secret formula:

$$\text{Break-Even Quantity} = \frac{\text{Fixed Costs}}{\text{Sales Price per Unit} - \text{Variable Cost Per Unit}}$$

- **Fixed Costs:** These are your constant costs, like rent or salaries. They don't change no matter how much you produce.
- **Sales Price per Unit:** This is how much you sell each unit of your product for.
- **Variable Cost Per Unit:** These costs change based on how much you produce, like raw materials.

Why is it important?

- Knowing your break-even point helps you set sales targets, plan budgets, and manage costs. It's like a compass guiding you towards profitability!



And when it comes to "Break Even in Points" in trading and investing:

1. **What is Break Even in Points?**

- It's the price at which your investment or trade neither makes a profit nor incurs a loss. It's like finding the equilibrium in the market's sea of volatility!

2. **How to calculate it?**

- It's determined by comparing the market price of an asset to the original cost. The break-even point is reached when the two prices are equal.

3. **Why is it important?**

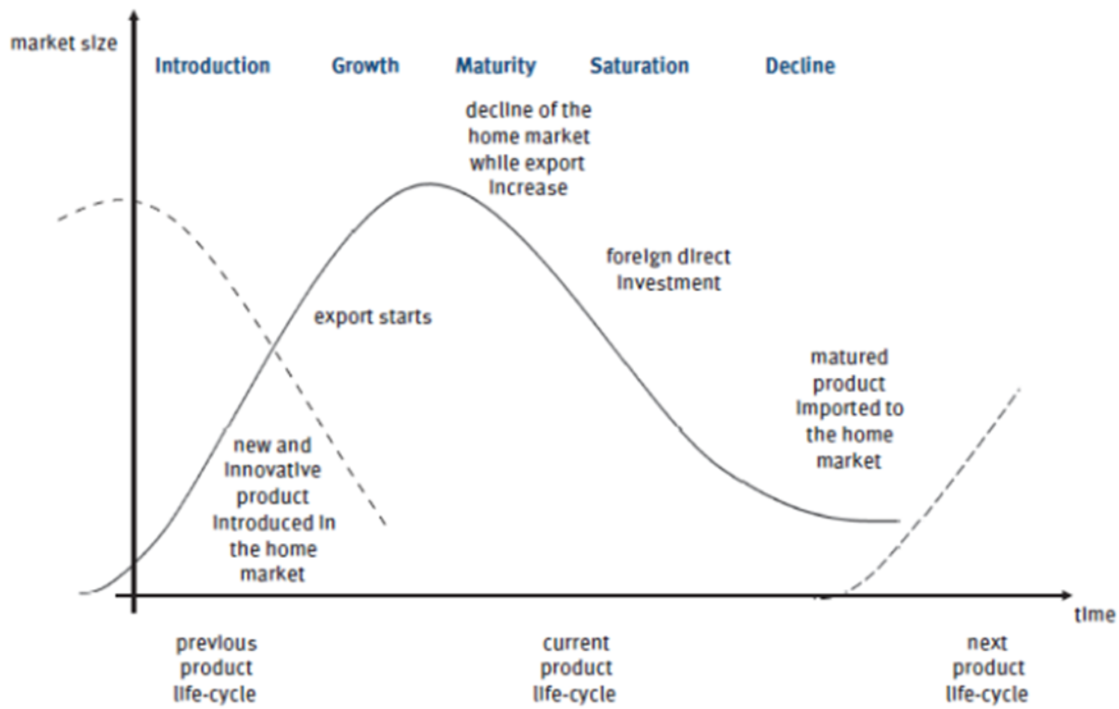
- Knowing your break-even point in trading helps you manage risk, plan your exit strategy, and make informed investment decisions. It's like having a financial safety net!

AMBUSH MARKETING-DIRECT

- **Definition:** Direct Ambush Marketing is a strategy where a company intentionally starts a marketing campaign to associate itself with an event, without buying the rights.
- **Aggressiveness:** This strategy is consciously aggressive, aiming to steal the spotlight.
- **Misrepresentation:** Brands may actively try to appear as official sponsors of certain events when they are not.
- **Association:** It's a way for a brand to associate itself with an event or property, without having purchased rights as the official sponsor.
- **Attention and Profile:** This method allows brands to gain attention and raise their profile at the expense of their competitors.
- **Context:** It's often used in the context of event sponsorships, where a brand can gain exposure without having to pay the sponsorship expenses.
- **Legal and Ethical Lines:** Brands must be careful to not cross legal or ethical lines to avoid legal issues or harm to their reputation.

PLC DIRECT

- **Product Life Cycle (PLC) in Marketing:** If "PLC" refers to the Product Life Cycle, then it's a marketing model used to understand the stages a product goes through from its introduction to the market until its decline or discontinuation.
- **The stages of the Product Life Cycle are:**
- **Introduction:** The product is introduced to the market. Companies invest heavily in advertising to create awareness.
- **Growth:** Demand and sales rise as the product gains popularity and market share.
- **Maturity:** Profits peak during this stage, but sales growth slows down as the market becomes saturated.
- **Decline:** Sales start to drop due to competition or market saturation



DIFFUSION OF INNOVATION

1. **Definition:** The Diffusion of Innovation is a theory that explains how, why, and at what rate new ideas and technology spread.

2. **Origin:** This theory was popularized by Everett Rogers in his book Diffusion of Innovations, first published in 1962.

3. Main Elements: Rogers proposes that five main elements influence the spread of a new idea:

   - The innovation itself
   - The adopters
   - Communication channels
   - Time
   - A social system

4. **Adopters:** The categories of adopters are innovators, early adopters, early majority, late majority, and laggards.

5. **Importance of Social Capital:** The process relies heavily on social capital and the innovation must be widely adopted in order to self-sustain.

6. **Applications in Marketing:** The diffusion of innovations theory is frequently referred to when companies are developing a marketing strategy for new products and developing market share.

7. **Applications in Public Health:** It can also be used in areas such as public health to encourage populations to adopt new, healthy behaviors.

8. **Product Adoption:** The diffusion of innovation is also the process by which new products are adopted (or not) by their intended audiences. It allows designers and marketers to examine why it is that some inferior products are successful when some superior products are not.

DEMAND

In economics, demand is a fundamental concept that refers to a consumer's desire and willingness to purchase a specific quantity of goods or services at a particular price. It is closely related to the price of the product, the standard of living of people, and changes in customers' preferences.

Here are some key points about demand:

- **Law of Demand:** This law states that as the price of a good or service increases, the quantity demanded decreases, and vice versa. This relationship between price and quantity demanded is represented by the demand curve.
- **Market Demand:** This is the total quantity of a particular good or service that all consumers in a market are willing to purchase at a given price.
- **Aggregate Demand:** This is the total demand for all goods and services in an economy.

Understanding demand is crucial for businesses as it helps them determine the quantity of their goods they will be able to sell at any given price. Incorrect estimations can result in lost sales or leftover inventory. Therefore, demand plays a vital role in fueling profits and driving the economy.

DISTRIBUTION CHANNEL

A distribution channel is a network of businesses or intermediaries through which a good or service passes until it reaches the final buyer or the end consumer. It's part of the downstream process, answering the question "How do we get our product to the consumer?". This is in contrast to the upstream process, also known as the supply chain, which answers the question "Who are our suppliers?".

Here are the key components of a distribution channel:

- **Producer:** Producers combine labor and capital to create goods and services for consumers.
- **Agent:** Agents commonly act on behalf of the producer to accept payments and transfer the title of the goods and services as it moves through distribution.
- **Wholesaler:** A person or company that sells large quantities of goods, often at low prices, to retailers.
- **Retailer:** A person or business that sells goods to the public in small quantities for immediate use or consumption.
- **End Consumer:** A person who buys a product or service

There are different types of distribution channels:

- **Direct Channel:** In a direct distribution channel, the manufacturer sells directly to the consumer. This direct, or short channel, may mean lower costs for consumers because they are buying directly from the manufacturer.
- **Indirect Channel:** An indirect channel allows the consumer to buy the goods from a wholesaler or retailer. Indirect channels are typical for goods that are sold in traditional brick-and-mortar stores.
- **Hybrid Channel:** Hybrid distribution channels use both direct channels and indirect channels. A product or service manufacturer may use both a retailer to distribute a product or service and may also make sales directly with the consumer.

The choice of the marketing channel depends on the cost of distribution, sales goals, business and product type, and targeted market. Its functions include supplying market information to the producer, financing its operations, promoting its products and services, maintaining product price stability, minimizing market risk, etc.

SWOT

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. It's a framework used to analyze something's situation, typically a business or project. By identifying these four factors, you can get a better understanding of what's working well, what could be improved, what external opportunities can be capitalized on, and what challenges you might face.

Here's a breakdown of the four elements:

- **Strengths:** These are the internal, positive attributes that give you an advantage. Examples could be a strong brand reputation, a skilled workforce, or a unique product offering.
- **Weaknesses:** These are the internal limitations that hold you back. For instance, you might have limited resources, outdated technology, or a high dependence on a single supplier.
- **Opportunities:** These are external factors that present favorable circumstances. New market trends, emerging technologies, or weaknesses of your competitors could all be opportunities.

By analyzing all these aspects, you can develop strategies that leverage your strengths, address your weaknesses, capitalize on opportunities, and mitigate threats.

BCG MATRIX

The BCG Matrix, also known as the Boston Consulting Group growth-share matrix, is a business planning tool developed by the Boston Consulting Group in 1970. It is a portfolio management framework that helps companies analyze their product portfolio and decide how to allocate resources.

The BCG Matrix is a two-by-two grid with market growth rate on the vertical axis and relative market share on the horizontal axis.

The matrix classifies products into four categories:

- **Stars:** These are high-growth, high-share products that require significant investment to maintain their market position.
- **Cash Cows:** These are low-growth, high-share products that generate a lot of cash that can be used to invest in stars and question marks.
- **Question Marks:** These are high-growth, low-share products that have the potential to become stars but also have the potential to fail. Companies need to decide whether to invest in question marks or divest them.
- **Dogs:** These are low-growth, low-share products that generate little cash and may not be worth keeping. Companies may decide to divest dogs or harvest any remaining cash flow.

ELASTICITY OF DEMAND

- **Definition:** Elasticity of demand is a degree of change in the quantity demanded of a product in response to its determinants, such as the price of the product, price of substitutes, and income of consumers1.

- **Price Elasticity of Demand:** This is a measure of how sensitive the quantity demanded is to its price2. When the price rises, quantity demanded falls for almost any good, but it falls more for some than for others2.

- **Types of Price Elasticity of Demand:**

    - **Perfectly Elastic Demand:** The price elasticity is infinite (if demand changes substantially even with minimal price change).
    - **Perfectly Inelastic Demand:** If a good's price elasticity is 0 (no amount of price change produces a change in demand).
    - **Relatively Elastic Demand:** If price elasticity is greater than 1, the good is elastic.
    - Relatively Inelastic Demand: If price elasticity is less than 1, it is inelastic.
    - **Unitary Elastic Demand:** If price elasticity is exactly 1 (price change leads to an equal percentage change in demand).

Factors Affecting Price Elasticity of Demand:

- **Availability of Substitutes:** The more easily a shopper can substitute one product for another, the more the price will fall.
- **Relative Need for the Product**
- **Impact of Income**
- **Time under Consideration**
- **Mathematical Expression:** Price Elasticity of Demand can be expressed mathematically as follows.

$$\text{Price Elasticity of Demand} = \frac{\text{Percentage Change in Quantity Demanded}}{\text{Percentage Change in Price}}$$

This concept is of great interest to marketing professionals as it helps them understand how a change in price could affect the demand for their products.

MOTIVATION

- **Understanding Motivation:** It's about knowing why consumers make certain purchasing decisions.

- **Influencing Factors:** Needs, wants, preferences, and social influence are major factors.

- **Types of Motivation:** It can be intrinsic (personal interests) or extrinsic (external rewards).

- **Motivation in Action:** For example, a teenager buying the latest smartphone might be motivated by personal interest (intrinsic) or peer recognition (extrinsic).

- **Marketing Strategies:** Understanding motivations helps marketers create strategies that connect with consumers on a personal level.

- **Importance:** Motivation can make or break your marketing plan. If you aren't motivated and invested in your marketing, you're setting yourself up for failure

LEARNING THEORY

Learning theory is a branch of psychology that seeks to understand how people acquire, process, retain, and ultimately use knowledge and skills. It's essentially the study of how we learn.

There are many different theories of learning, each of which emphasizes different aspects of the learning process. Some of the most prominent learning theories include:

- **Behaviorism:** This theory, developed by psychologists like John B. Watson and B.F. Skinner, suggests that learning is a function of conditioned responses. We learn through a process of stimulus and response, where our behavior is shaped by the consequences of our actions. For example, if a child is rewarded for good behavior, they are more likely to repeat that behavior in the future.

- **Cognitivism:** This theory focuses on the mental processes involved in learning. Cognitive theorists believe that learners actively process information, rather than simply passively responding to stimuli. They emphasize the importance of attention, memory, and problem-solving in the learning process.

- **Constructivism:** This theory suggests that learners construct their own knowledge and understanding of the world through experience and interaction. Constructivists believe that learners are not simply blank slates waiting to be filled with information, but rather active participants in the learning process.

- **Humanism:** This theory emphasizes the importance of the whole person in learning. Humanists believe that learners are motivated by a desire to grow and reach their full potential. They focus on creating learning environments that are supportive and nurturing, and that allow learners to learn at their own pace.

- **Connectivism:** This theory, developed by George Siemens, is a relatively new theory of learning that emphasizes the importance of connections in the digital age. Connectivists believe that learning is a continuous process that occurs through the formation of connections between ideas, people, and resources.

LATENT DEMAND

“Latent Demand” is a term used in marketing and economics. It refers to the demand for a product or service that consumers cannot satisfy due to certain reasons.

These reasons can be:

- The consumer does not have enough money to buy the item.
- The item is not available.
- The consumer does not know that the product or service is available.

In other words, latent demand is the desire for a product that a consumer is unable to satisfy because they are unable to point it out or don’t realize what is missing until it’s pointed out. This need cannot be satisfied by current products or services, and the consumer themselves cannot articulate the type of product which will help them.

Latent demand is one of the **8 types of demands in marketing**, which also include Negative Demand, Unwholesome demand, Non-Existing demands, Declining demand, Irregular demand, Full demand, Overfull demand.

Identifying latent demand can help businesses discover gaps in the market and develop products or services to meet these unfulfilled needs. This can be a powerful st.rategy for increasing sales and revenue.

UMBERALLA BRANDING

1. **Definition:** Umbrella branding, also known as family branding, is a marketing practice that involves using a single brand name for the sale of two or more related products.

2. **Strategy:** This strategy allows companies to leverage a single, established brand identity to promote multiple products, making new products instantly recognizable and trusted by association.

3. **Examples:**

- **Apple Inc.:** Under the Apple brand name, customers may find the iPad, iPhone, Apple Watch, Mac Air, Mac Book, etc.
- **P&G:** Under the P&G brand name, there are various product lines which include Tide, Gillette, Head & Shoulders, Crest Toothpaste, and Pampers.

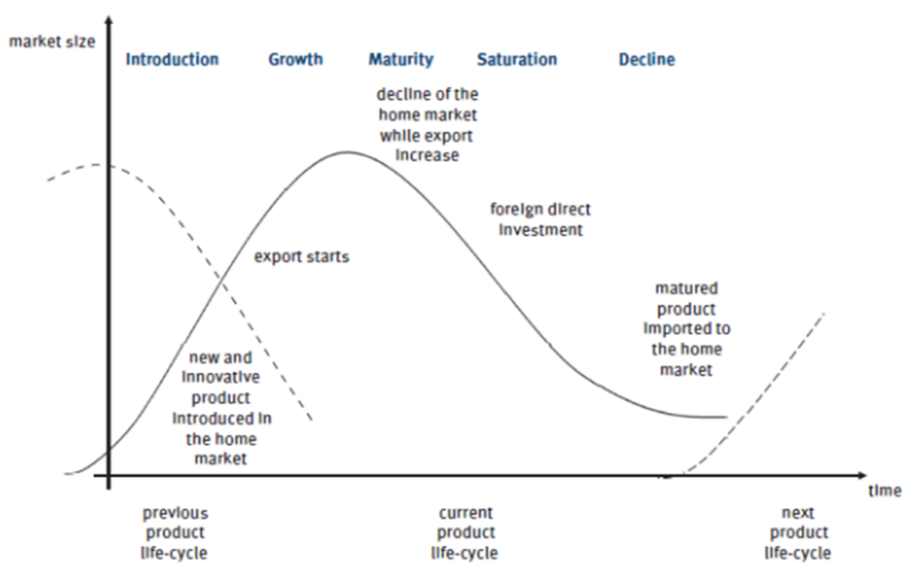
4. **Challenges:** This strategy can be quite challenging for marketers as they will be required to coordinate effectively within every individual brand.
5. **Advantages:** When implemented well, the results can reap great advantages. It allows brand recognition to be attributed to several sub-brands.
6. **Considerations:** However, it's important to note that any organization, whether big or small, is unable to provide similar quality to all of its products. So, it's a strategy that requires careful planning and execution.

DISTRIBUTION IN PLC

The **term "Distribution in PLC"** likely refers to how distribution strategies vary at different stages of the **Product Life Cycle (PLC) in marketing.** The Product Life Cycle is a concept that describes the stages a product goes through from development to decline.

Here's a brief overview of how distribution might change throughout these stages:

- **Development:** In this stage, companies typically spend a lot of money without bringing in any revenue because the product isn't being sold yet. The product may be released in a limited market or region for testing purposes.
- **Introduction:** The introduction phase is the first time customers are introduced to the new product. During the introduction stage, there is often little-to-no competition for a product. The distribution is usually selective and scattered.
- **Growth:** If the product is successful, it then moves to the growth stage. This is characterized by growing demand, an increase in production, and expansion in its availability. The distribution becomes more intensive.
- **Maturity:** At this stage, the product has been accepted by most buyers. The distribution becomes intense and it's available everywhere.
- **Decline:** This is the final stage of the cycle, where sales begin to fall. The distribution is selective again, phasing out the unprofitable outlets

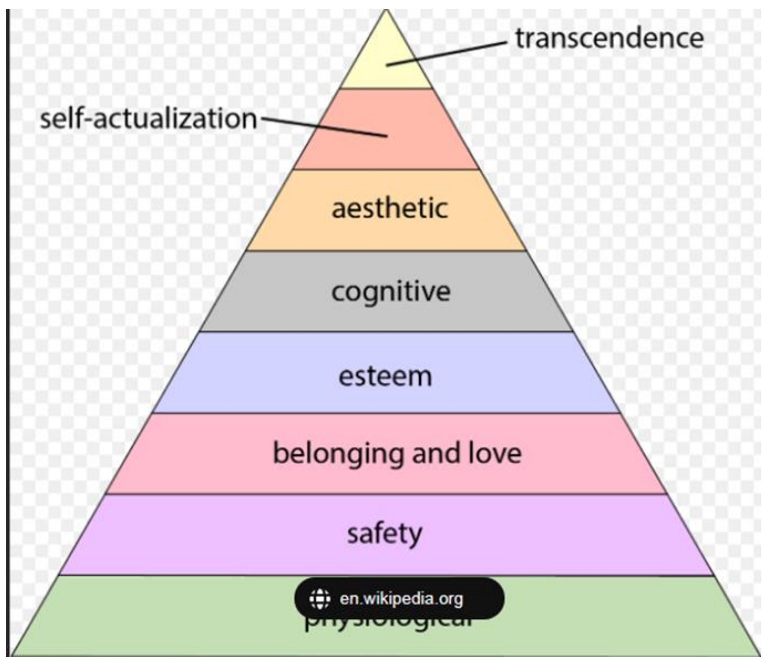


M HIERARCHY OF NEEDS

The **"M hierarchy of Needs"** you mentioned seems to be a reference to Maslow's Hierarchy of Needs, which is a psychological theory proposed by Abraham Maslow. This theory is often used in marketing to understand customer motivations and behaviors.

Maslow's Hierarchy of Needs classifies human needs into a five-tier pyramid:

- **Biological and Physiological needs:** These are basic life needs - air, food, drink, shelter, warmth, sex, sleep.
- **Safety Needs:** These are needs for security, order, law, stability, and freedom from fear.
- **Love and Belongingness needs:** These are needs for friendship, intimacy, affection, and love from work group, family, friends, and romantic relationships.
- **Esteem needs:** These are needs for achievement, mastery, independence, status, dominance, prestige, self-respect, and respect from others.
- **Self-Actualization needs:** These are needs for realizing personal potential, self-fulfillment, seeking personal growth and peak experiences



SURROGATE ADVERTISEMENT

1. **Definition:** Surrogate advertising is a promotional strategy where a brand promotes a product in the guise of another, often unrelated, product.
2. **Objective:** The objective is to keep the brand name alive in the consumer's mind, even if the actual product isn't being directly promoted.
3. **Usage:** It is used to promote products which are banned or limited from advertising under government regulations, such as cigarettes and alcohol.
4. **strategies for surrogate advertising:**

- **Promotion by Extension:** The brand promotes a different product under the same brand name.
- **Promotion by Association:** The brand associates itself with a particular lifestyle or image.
- **Promotion through TV Commercials:** The brand uses TV commercials to subtly promote the restricted product.
- **Promotion through Events and Sponsorships:** The brand sponsors events or celebrities to stay in the public eye.
- **Promotion through Public Service Announcements (PSAs):** The brand uses PSAs to promote a positive image.

5. **Ethical Concerns:** Surrogate advertising can raise ethical concerns, particularly if customers believe the business is attempting to avoid laws. It may also affect a brand's reputation's.

ORGANIZATION A PURCHASE CHEMICAL FROM OTHER ORGANIZATION B AND VICE VERSA ORGANIZATION B PURCHASE FINISHED GOOD FROM A. WHAT KIND OF TRANSACTION IS THIS?

- The transaction described is known as **countertrade.**
- In the field of marketing, this specific type of countertrade is referred to **as barter.**
- Barter involves the direct exchange of goods or services for other goods or services, without the use of money.
- In your example, organization A and organization B are engaging in barter, where:
  - Organization A purchases chemicals from organization B.
  - Organization B purchases finished goods from organization A.
- This type of transaction is common in international trade.
- It's crucial that such transactions are mutually beneficial and agreed upon by both parties involved.

DISTRIBUTION IS A SERVICE MARKETING OR NOT?

- Distribution is a part of service marketing. It's about making a product or service available to consumers and businesses.
- It involves activities like transportation, packaging, warehousing, and inventory management.
- From a customer's perspective, distribution ensures that services are available when they want it and it's easy for them to conduct a transaction.
- **There are three main approaches to distribution:**
  - **Mass Distribution:** The product is available in as many outlets as possible.
  - **Selective Distribution:** Specific outlets are chosen to target a specific market segment.
  - **Exclusive Distribution:** The product is sold through selected outlets to maintain its exclusivity and brand image.
- In service marketing, distribution means the service is available and accessible to consumers.
- The goal of distribution is to reach potential customers and ensure they can purchase the product or service.
- It helps in meeting consumer demand, increasing brand recognition, and loyalty.

BRANDING WASN'T GIVEN ANY FOCUS IN THE PAPER SETTING

- **Unique Identity:** Branding gives your business a unique personality and helps it stand out from competitors.
- **Customer Loyalty:** A strong brand can build trust and foster customer loyalty.
- **Differentiation:** Branding differentiates your business from others and influences purchasing decisions.
- **Trust Building:** Good branding shows potential customers that you're an established, credible business.
- **Supports Marketing Strategy:** Branding supports your marketing strategy and drives sales.

In essence, branding is more than just logos and design. It's about shaping the identity and perception of a product or service, which can influence consumer behavior and contribute to long-term business success. A strong brand is a valuable asset for the entire organization. So, it's surprising that it wasn't given any focus in the paper setting in marketing.