DATE: 25/01/25 34600 - Lujain Amer - 066

Business Administration
(Mock)

Q.3. I Introduction:

Marketing is in which segments are being pinpointed by the company which it is capable of serving best and it designs and promotes the appropriate products and services. In accordance with Philip Kotler, marketing is defined as:

"The science and art of exploring, creating, and delivering value to satisfy the needs of the target market at a profit. Marketing identifies unfulfilled needs and desires".

Marketing mix is the offer you make to your customer, can be altered by varying the mix elements. It is a mix of 4Ps (Product, price, place, promotion). So for a high profile brand, increase the focus over these factors of 4Ps for better attainment of success.

II What is Marketing Mix?

Marketing mix is the combination of four factors which influence the marketing and sales of a firm. These

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four factors include price, product, place, promotions, referred as 4Ps. Also, called 7Ps when services marketing mix is also included. The 4Ps in 7Ps are same, other than that services marketing mix includes, process, people and physical evidence.

III How marketing mix effects the sales and volume of a company:

The offer you make to your customer can be altered by varying the mix elements which in return can effect the sales and volume of a company. For example, for a high profile brand, increase the focus on promotion and desensitize the weight given to price.

How the Factors of Marketing Mix effects the company (4Ps & 7Ps):

1. Price:

Price is the amount the consumer must exchange to receive the offering. Price and demand has an inverse relation ($P \propto \frac{1}{Qd}$), except in some

cases which comes under the category

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of luxury goods. For a new company, bringing products which already exists in the market should use similar pricing techniques as of Rivals but if company coming with an innovative and unique idea, product or service can use price skimming at start, the way Intel uses for its chips.

2- Place:

Product available to target consumers. It includes channel and distributions. It should be targeted where a business can have maximum number of customers to target their needs accordingly. It should be usually in the reach of customers. However, now with the globalization and technological rises, online medium, such as online (B2C models) Business to consumer models, E-businesses are rising, solving placement issues; rising the sales.

3- Product:

The goods and services combination. Company should target the needs of the customer first for designing the product, this would not only benefit them in the short run but also in long run in

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raising revenues and profits.

4. **Promotion:**

All of the activities marketers undertake to inform customers about their products and to encourage potential customers to buy these products. These activities persuade target customers to buy it. With good promotional techniques, businesses are able to increase sales and volume of a company.

The Service Marketing Mix

5. **Physical Evidence:**

The environment in which the service is delivered (material part of service) buildings, equipment, signs and logos, brochures. More the attractive physical evidences would be for customers, more the sales and volume of a company.

6. **People:**

Human actors who play a part in service delivery. The reason why company should focus on their relation with the employees because more satisfied workers would be able to

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satisfy customers thus, increasing the sales and volume of a company.

7. Process:

The actual procedures, mechanisms, and flow of activities. A smooth process with better surrounding conditions would impact positively on the growth of company and as spillover effects the sales and volume would increase of a company.

So, implementing these marketing mix in the right proportion and according to the goals of the company, Company would be able to complete and achieve their targets such as of increasing sales and volume. However, it should be managed properly and implemented as designed because the external factors could also affect the sales volume.

Marketing mix factors could also be challenged by external factors such as political, economic, social, technological, legal, and environmental. So, they should also be kept and considered side by side while formulating strategies.

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IV Conclusion:

Marketing is an important factor in growth rate of a company. It effects directly and indirectly. therefore for formulating marketing strategies, marketing mix factors should be considered for a wholistic approach. these factors covers all the dimensions which a company could use to target the customer base. With a better and proper implementation of marketing mix strategies company can achieve its goals as of increasing sales and volume

Q.5 I Introduction:

Integrated Marketing communication (IMC) is a strategic approach that ensures all forms of communications and messages are carefully linked together. IMC is a marketing approach that integrates all the promotional tools, so that they work together in harmony. It combines all, advertising, public relations, personal selling, and sales promotion.

II What is Integrated Marketing Communication (IMC)?

Integrated Marketing Communication (IMC)

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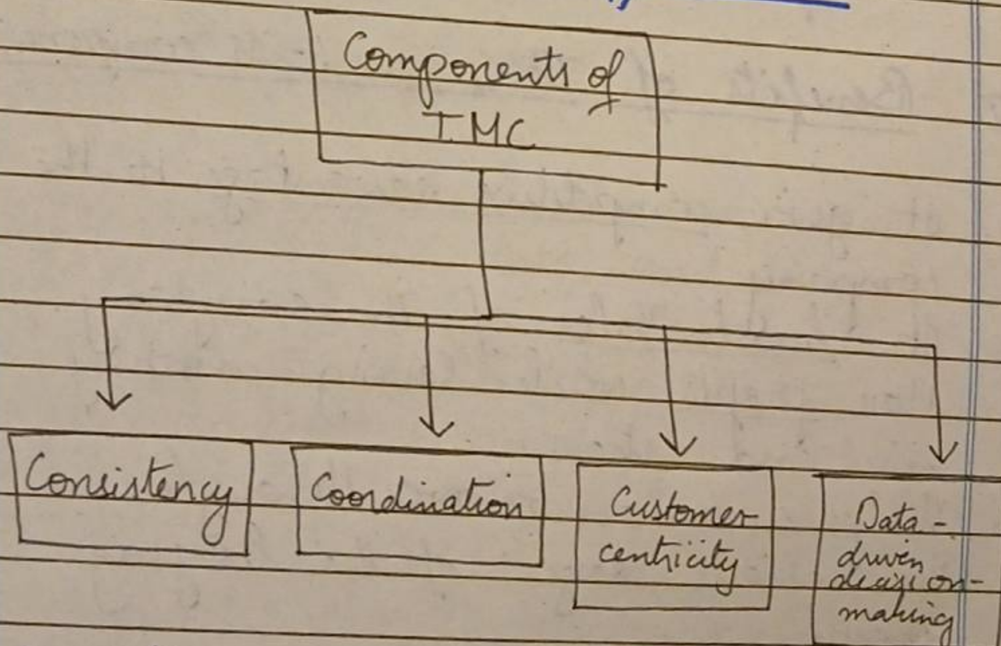
is a strategic approach to marketing that emphasizes the coordination and integration of all marketing communication channels and tools to deliver a consistent message and build strong brand relationships.

IMC Channels and Tools:

1. Advertising
2. Public Relations.
3. Digital Marketing
4. Social Media
5. Content Marketing
6. Event Marketing
7. Sales Promotion.

III Major Components of IMC:



1. Consistency:

Ensuring all marketing

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messages are consistent across channels.

2. Coordination:
Coordinating all marketing efforts to achieve a unified goal.

3. Customer Centricity:
Focusing on customer needs, preferences, and behaviors. Approach is customer-oriented.

4. Data Driven decision making:
Using data to inform marketing decisions. Data could be collected from various resources such as reports, surveys, big data companies etc.

IV. Benefits of IMC (due to its components):

1. It gives competitive advantage to the company
2. It boosts sales of the company.
3. More profits, while saving money, time and stress.
4. Helps customers move through the various stages of the buying process.
5. "Relationship Marketing" cements a bond of loyalty.

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6. Cutting through the "noise" of over five hundred commercial messages which bombard customers each and every day.

Example of a company which uses IMC strategy:

Example: Coca - Cola's 'Share a Coke' campaign.

It increases sales and brand awareness among young adults.

Channels: Social media, outdoor advertising, packaging, and in-store promotions.

Consistent message: 'Share a coke' with friends and family to create memorable moments.

V Drawbacks of IMC:

Some organizational structures isolate communications, data, and even managers from each other.

For example, the PR department often doesn't report to marketing. The sales force rarely meet advertising or sales ~~prop~~ promotion people of the company. Also, If the company has global presence, it becomes more difficult to handle all areas together.

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V. Conclusion:

By adopting an Integrated marketing communication (IMC) approach, organizations can create a cohesive brand voice, build strong relationships with customers, and drive business success. However, it needs to have more integrated approach inside the company environment as well to overcome the challenges.

Q1- a) Introduction:

Financial ratio analysis is a numerical relationship based on financial statements. A ratio provides a measure of the relationships between two variables or figures. It compares relationships between financial statement accounts.

Types of Ratios:

1) Profitability Ratios
2) Liquidity Ratios
3) Efficiency Ratios
4) Solvency Ratios.

Which Ratios would be used when:

A) A banker considering the financing of seasonal inventory.

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Banker will use Liquidity and efficiency Ratios:

Liquidity Ratios will be used:
Especially the current ratio (current Assets/ current liabilities).

This would help company to measure company's ability to pay its short-term debts.

Efficiency Ratios will be used:
Inventory turnover ratio, this will show how quickly a company sells and replaces its inventory, helping the banker assess the risk.

B) A Wealthy Equity Investor:

Liquidity Ratios used:
~~Price~~ Return on Equity (ROE), ratio measures a company's profitability from shareholders' perspective, allowing investors to assess the company's ability to generate returns on their investment.

Efficiency ratios used:
Price to earning ratio, helps evaluate the stock's price relative to its earnings, making it a key metric for the equity investor.

C) The manager of a Pension Fund Considering the Purchase of a

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Firm's Bonds:

He will consider the Solvency Ratios: Debt to equity Ratio; it will indicate a company's level of indebtness, helping the pension fund manager assess the worthiness of the bond issuer.

D) The President of a Consumer Products Firm:

Profitability Ratios will be used: Especially gross profit margin ratio, operating profit margin ratio, return on capital employed, Net Profit ratios.

These will measure the profitability of a company products, helping in evaluating effectiveness of pricing strategies.

Efficiency ratios will be used: Such as asset turnover ratio, that how effectively or efficiently a company uses its assets to generate sales, allowing the President to assess the company's operational efficiency.

Conclusion

Each of these individuals would focus on different financial ratios depending on their specific interests and concerns.

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b) 1. Working Capital = Current Assets − Current liabilities

Current assets = Cash + A/R + securities + inventory
= 108,000 + 350,000 + 142,000 + 150,000
= 750,000

Current liabilities = Accounts payable + Bills
= 200,000 + 50,000
= 250,000

Working capital = 750,000 − 250,000
= Rs 500,000

2. Current Ratio = $\frac{\text{Current Assets}}{\text{Current liabilities}}$

$= \frac{750,000}{250,000}$

Current Ratio = 3 : 1

3. Quick Ratio = $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current liabilities}}$

$= \frac{750,000 - 150,000}{250,000}$

$= \frac{600,000}{250,000}$

Quick Ratio = 2.4 : 1

4. Inventory Turnover = $\frac{\text{Cost of goods sold}}{\text{Inventory}}$

Average inventory = $\frac{\text{Beg. inventory} + \text{end inventory}}{2}$

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$= \frac{120,000 + 150,000}{2} = 135,000$

Inventory Turnover $= \frac{540,000}{135,000}$

Inventory Turnover = 4

5. Account Receivable Turnover = $\frac{\text{Credit Sales}}{\text{Avg Account Receivable}}$

Avg. A/R $= \frac{380,000 + 350,000}{2}$

$= 365,000$

A/R Turnover $= \frac{18,25,000}{365,000}$

A/R Turnover = 50

6. Gross Profit = Credit Sales - Cost of Goods Sold

$= 18,25,000 - 540,000$

G.P = 17,85,000

7- Net Profit = Gross Profit - Total Operating Expenses

$= 17,85,000 - 600,000$

= 17,25,000

8- Operating Expenses Turnover % = $\frac{\text{Total Operating Exp}}{\text{Sales}} \times 100$

$= \frac{600,000}{18,25,000} \times 100$

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= 3.29%

Q8- a) Introduction:

Financial management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operation. It covers main areas of financial planning, financial control and financial decision making.

Scope of Financial Management:

1- It looks into the requirement of funds.
2- Sees the matters of Capital Structure
3- Looks for the ff sources of finance.
4- Looks and measures the pattern of investment (when and how much), for example which assets are to be purchased?
5- Responsible for Cash Management.
6- Implements Financial Controls such as ROI, RI, budget, etc.

Financial Markets:

A financial market is a broad term describing any marketplace where buyers and sellers participate in the trade of assets such as equities, bonds,

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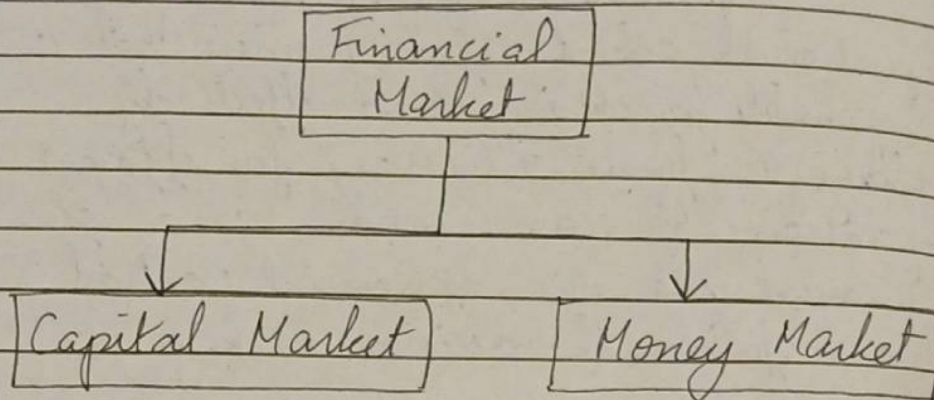
currencies and derivatives.

Types of Financial Markets



1. Money Market:
It has shorter maturity, not longer than one year. Examples of money market includes, Treasury bills, repo market, interbank market etc.
2. Capital Market:
It primary issues and secondary market trading in long-term investments. It is for over 1 year. These are long-term investments. Further there are 2 types of capital markets; primary and secondary markets.

Financial Securities:

Financial securities are instruments that represent a claim on the assets or cash flows of an issuer.
Types includes; equity, debt, hybrid securities and derivative securities etc.

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Conclusion:

Effective financial management leads to the efficient and effective management of money (funds) in such a manner as to accomplish the objectives of the organization.

b) a) Investment = Rs 700,000

Year	C.F	PV (15%)	PV (25%)
0	(700,000)	[illegible]	
1	(1,000,000)	(869565)	(800,000)
2	250,000	191,669	160,000
3	300,000	214,939	153,600
4	350,000	386,686	143,360
5	400,000	198871	131072
6	400,000	172931	104858
7	400,000	150379	8388.6
8	400,000	130761	67108
9	400,000	113705	53687
10	400,000	98874	42950
	NPV =	507,658	(491375.4)

Since the NPV is positive, the project is acceptable.

b) IRR = ?

$$IRR = r_a - \frac{NPV_a}{NPV_a - NPV_b}(r_b - r_a)$$

at $r_a = 15\%$ NPV is positive

so increase rate for negative NPV

new rate = 25%

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$$IRR = 0.15 - \frac{507,658}{(507,658 + 491,375)}(0.25 - 0.15)$$

$$= 21\%$$

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