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Business Administration

Sem-03

① Introduction:-

The Marketing mix is the integrated process company uses for influence the customer purchasing behavior. Marketing mix are basically the elements which helps in increasing sales of a company. The marketing mix are usually consist of four P's: product, pricing, place and promotion - by keeping in mind these four the company gets most out of it for its customer. However, if the passage of time there is an addition of three more P's which are people, process and physical evidence. These elements increase the sales by making it more customer centric and differentiation create market penetration.

② Marketing Mix:-

Marketing mix are the controllable elements used by companies to influence the consumer purchasing and achieve its business objective. It traditionally consist of 4p's model that used widely, but now the framework has expand into some additional P's. They are discussed below.

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(2.1) Product (P):-

It refers to the product or service offered by a company. A well designed product creates demand by meeting the needs and preferences of the customer. Companies can enhance product **good** appeal by innovation, localization.

Example:-

Coca-Cola offers seasonal flavours and innovative designs to keep its portfolio exciting.

(2.2) Price: Perceived Value:-

It is amount company charges for the product or service. Price influence how consumer perceives the value of a product. Strategies can be included to leverage the product by penetration pricing or psychological pricing.

Example:-

Retail stores like WALMART, or airlines adjusting prices of tickets during low sales.

(2.3) Place: Ensuring feasibility:-

Refers to how and where the product is available for the customer. It includes distribution channels (e.g.: Online platform, retail store, hypermarket)

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logistic and geographic reach.

Examples:-

Starbucks opens stores in emerging markets to increase global sales.

4) Promotion: Capturing attention:-

Promotion

creates awareness and urge customers to buy the product. Effective promotional strategies used are digital advertising, sales promotion or influencer marketing.

Examples:-

v good

Amazon prime day generate significant sales by offering discounts and fashion brands collaborate with influencers.

3) People: Building Trust:-

Customers usually

buy from the brands they trust. The trust and human element is crucial. It can be increased by staff training or enhancing customer support.

Example:-

policy of keeping smile on customer and be attentive attract people and urge them to buy.

good

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(2.6) Process:-

It is the system or workflow that is used to deliver the product/service. It can be achieved through smooth interaction by user friendly website and feedback loop to create a connection.

Example:-

Tesla's Service model requires customer of long-term support.

good

(2.7) Physical Experience: Reinforcing Brand Image:-

Tangible elements create a lasting impression that influence buying behavior. Companies should put an extra attention on store-layout design or the if the packaging of the product is eye-catching or not.

Example:-

High Brands like Charmed used high quality minimalist packaging to emphasize elegance.

(3) How Marketing Mix increases Sales Volume:-

The effective and efficient use of marketing mix increases the

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Volume of sales in many aspects. Some of them are discussed below.

1) Integrated Strategy:-

A coherent and well-balanced marketing mix ensures all elements are aligned together with the marketing planning. The effective strategy results in success when all the elements work together.

good

2) Customer Centric Approach:-

Marketing is all about customers, by efficiently utilizing the elements of marketing mix it ensures they are based on customer needs. It helps in better engagement, satisfaction and loyalty to the product.

3) Competitive Edge:-

By differentiating through product, pricing and promotion by strategic planning increase the competitive edge for the company. The competitive edge is necessary for the company's sales increases.

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3.4 Market penetration:-

Strategic distribution and promotion enhance the market penetration. It makes easier for more customers to access the product more frequently and easily.

3.5 Dynamic Adjustment increase the Sales Volume:-

Through efficient use of marketing mix and adjusting them on the basis of market trends, competitor's strategy activity and customer feedback keep the brand relevant and up-to-date in the market.

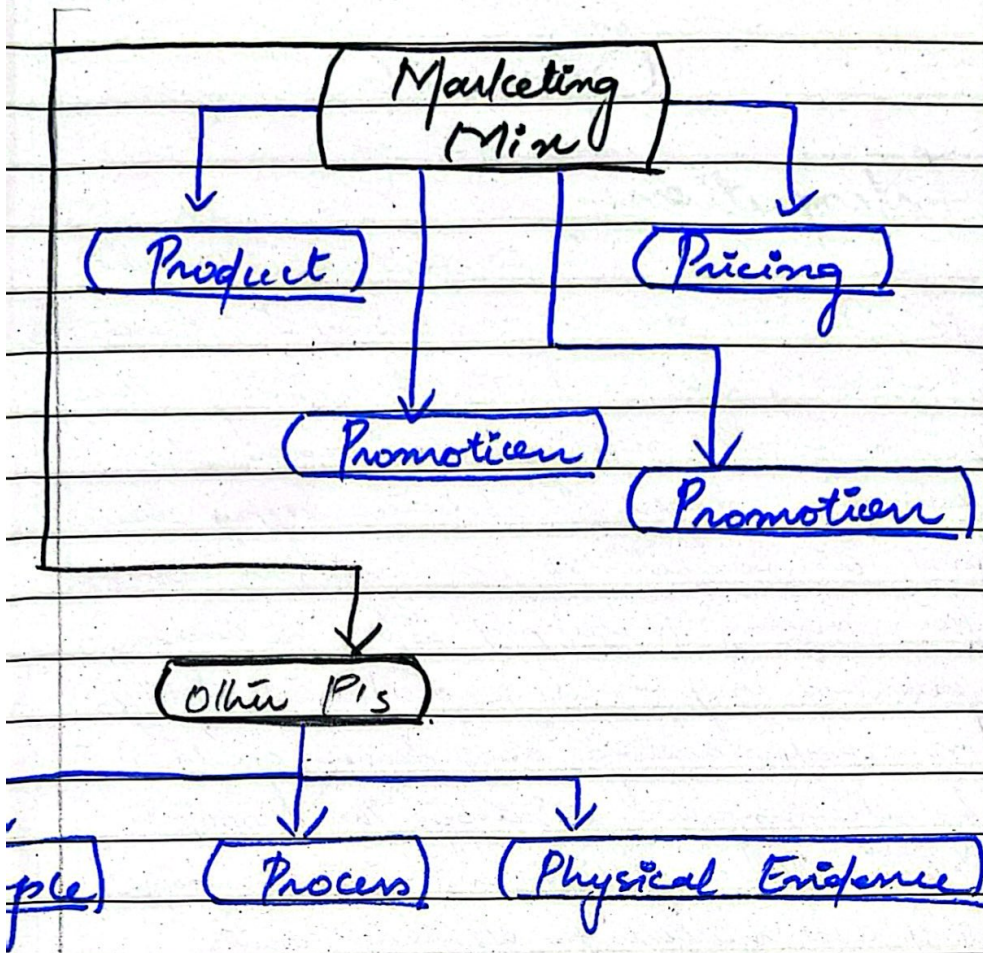
3.6 Customer loyalty increase the Sales:-

The constant loop of feedback and keeping in touch by letting them know about the new product and service, especially to the customer who generate 80% of the sales volume will eventually increase the customer loyalty and sales.

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Conclusion:-

The marketing mix are used wisely for creating product awareness to increase the sales revenue.

The marketing mix are essential for generating the required sales through strategic planning of 4p's: price, product, promotion and place. The marketing mix has added three more p's for more effectiveness and generating the maximum sales and revenue for the company.

ok

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① Introduction:-

The company runs for the profit and growth to expand its operations regionally and eventually to globally. There is a crucial need for companies to achieve strategic fit between supply chain and its competitive strategy. This ensures the company is aligned with the company's planning and strategic position. It helps in understanding the customer needs by defining the strategy. The supply chain should align with the company's goal and mission for efficiency and effectiveness. It also helps in identifying the problem and bridging the gap between the strategic planning and supply chain. Lastly, the usage of key performance indicators are vital for company's growth. Hence it's necessary to align the supply chain with the competitive strategy of a company.

good start

② Understanding Strategic fit and Competitive Strategy:-

The Strategic

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fit of a company measures business tenor that highlight how well company's resources and capabilities are aligned with the external environment. On the other hand, the Competitive Strategy of a company ensure the strategies of a company are competent enough for internal as well as external to achieve a competitive edge.

good

1) Why there is a need for a company to achieve Strategic fit between Supply chain and Competitive Strategy:-

Achieving Strategic fit between a company's supply chain strategy and its competitive strategy is essential for ensuring alignment between customer needs, operational activities. Here are some of the ways company need to do in order to align with its Strategic fit.

1) Understanding Customer needs:-
Define and understand the customer the company

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Serves and understand their requirements such as products variety, response time, price sensitivity and service level expectations. Focus demand patterns such as seasonal variations, predictability and product life cycle.

Example:- Tesla emphasizes on customer customization through quality, while WALMART emphasizes on low cost and high availability.

3.2 Define the Competitive Strategy:-

A company's competitive strategy defines its strategy at how it aims to create value and differentiate itself and in the market.

Example:-

- Cost:- companies like (IKEA, WALMART)
- Differentiation:- (Apple, Chanel, Nike)
- Focus:- Serving specific market (Rolls Royce)

3.3 Focus Supply Chain Capabilities:-

The supply chain of the company should align with the company's goals in terms of efficiency and responsiveness.

Example:-

- Efficient supply chain:- Prioritizing low

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Cost by optimizing inventory, transportation and production (Unlined)

Responsiveness:- focus on adaptability, change of trends and speed of the consumer behavior (Zara gives new fashion every week)

1) Identify and Bridge Gaps:-

If the supply chain is not able to meet the demands, then there is a need to identify the misalignment of the strategy. After identifying the possible problem, bridging the gap through successful implementation of new strategy is required to achieve the strategic fit.

v good

2) Tailor Supply chain demands to products type:-

Using the Fishers Model of supply chain to classify product as either functional or innovative and design the supply chain accordingly.

Functional product:-

Stable demand, low margins and long product life cycle (household). These require efficient supply chain.

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• Innovative Products:-

Unpredictable demands, high margins, short product lifecycle (for electronics, technology).

(3.6) Build Agility and Flexibility:-

The well aligned effective strategy sometimes require to respond to the market changes, disruption or shift in customer needs.

• Adopt technology:- Artificial Intelligence (AI) has been utilizing in business for growth and flexibility.

• Diversify Suppliers:-

Diversifying suppliers will create a competitive edge business needs to have a competitive strategy.

(3.7) Measuring performance and continuous Improvement:-

The competitive strategy and strategic fit require continuous evaluation to keep the strategy aligned with changing trends. Along with it, after measuring the performance improvement through innovation, tech

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on market learning is the need for the
Successful Strategic fit.

Conclusion:-

The Strategic fit is
needed for company's growth and alignment
of its operation. The company's need to
achieve Strategic fit between the supply
chain and competitive strategy is needed,
because it helps in identifying customer
needs, meaning competitive edge
and strive for bridging the gaps. To
achieve a Strategic fit innovation and
building flexibility are required for
company's operation. Hence, there is a
dire need for achieving Strategic fit through
supply chain.

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(A)

What are Financial Ratios:- not required

Financial
Ratios are numerical comparisons between
company's different figures in a company's
financial statement. They are helpful and
used to evaluate the company's financial

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health, performance and growth. They are of different types: liquidity, profitability, efficiency and leverage ratios.

(A)

A Banker considering the financing of seasonal inventory:-

Banker would focus on liquidity ratios and working capital ratios for seasonal inventory.

i) Liquidity Ratios:-

$$\frac{\text{Current Assets}}{\text{Current Liability}}$$

- indicate firm ability to cover its short-term obligations.

ii) Inventory Turn-Over Ratio:-

$$\frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

- Shows how efficiently the firm manage inventory. High inventory converted to cash quickly reduces the risk for banker.

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Debt to Equity Ratio:

$$\frac{\text{Total Debt}}{\text{Total Equity}}$$

correct

Focuses firms is not only leverage with debt.

(B)

A Wealthy Equity Investor

A wealthy equity investor seeks profitability growth and return on investment.

Return on Equity:-

$$\frac{\text{Net Income}}{\text{Shareholder's equity}}$$

how quickly company generates profit from shareholder's investment.

Earning per Share (EPS):-

$$\frac{\text{Net Income}}{\text{Number of outstanding share}}$$

Reflect profitability on per-share basis.

good

Price to Earning Ratio (P/E):-

$$\frac{\text{Market price per share}}{\text{Earning per share}}$$

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- Help understand if the company's share overvalued or undervalued.

(e)

Manager of a pension fund considering the purchase of Firm's bond:-

Pension funds managers prioritize safety and stability of returns. They would analyze solvency and coverage ratios.

i) Debt to Equity Ratio:-

$\frac{\text{Total Debt}}{\text{Total Equity}}$

- High leverage signals high risk, which made skeptical the bondholder.

ii) Interest coverage Ratio: **good**

$\frac{\text{EBIT}}{\text{Interest Expense}}$

- measure company's ability to cover interest payment before earning before income and taxes.

(D)

President of consumer product fund:-

The president of consumer product

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firm would assess operational, profitability and efficiency ratios.

Gross profit Margin :-

$\frac{\text{Revenue} - \text{COGS}}{\text{Revenue}}$

Revenue

Indicate efficiency of production and pricing in generating profit from sales.

Net profit Margin :-

$\frac{\text{Net Income}}{\text{Sales}}$

Sales

Reflect the overall profitability of the firm.

Inventory Turn Over Ratio :-

$\frac{\text{COGS}}{\text{Average Inventory}}$ good

Average Inventory

Key indicator ensuring the inventory is receiving and handling efficiently.

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(B)

1) Working Capital:-

Current Assets - Current Liabilities -

* Let's calculate first the current assets and current liabilities

Current Assets:- Cash + Marketable Securities
+ Ending A/R + Ending Merchandise Inventory

$$\text{Current Assets} = 108,000 + 142,000 + 350,000 \\ 150,000$$

$$\text{Current Assets} = 750,000$$

Current Liabilities:- Accounts payable + Bills pay

$$" = 200,000 + 50,000$$

$$" = \underline{250,000}$$

Working Capital: Current Assets - Current Liab

$$\text{Working Capital} = 750,000 - 250,000$$

$$\underline{\text{Working Capital} = 500,000} \quad \text{good}$$

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$$\text{Current Ratio:} - \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Current Ratio:} - \frac{750,000}{250,000} = 3$$

expression is missing

$$\text{Quick Ratio:} - \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Assets} = \text{Current Assets} - \text{Inventory}$$

$$= 750,000 - 150,000$$

$$\text{Quick Assets} = 600,000.$$

$$\text{Quick Ratio} = \frac{600,000}{250,000}$$

$$\text{Quick Ratio} = \frac{2}{1}$$

????

$$\text{Inventory Turnover:} - \frac{\text{COGS}}{\text{Average Inventory}}$$

$$\text{Average Inventory} = \frac{\text{Beg Inventory} + \text{End Inventory}}{2}$$

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

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

$$\text{Inventory Turnover Ratio} = 4 \text{ times}$$

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5) Account Receivable Turnover - Net credit
Avg A/R

$$\text{Average Account Receivable} = \frac{\text{Beg AR} + \text{Endly AR}}{2}$$

$$= \frac{380,000 + 350,000}{2}$$

$$\text{Average Account Receivable} = 365,000$$

$$\text{Account Receivable Turnover} = \frac{1825,000}{365,000}$$

$$\text{Account Receivable Turnover} = 5$$

6) Gross profit percentage :-

$$\frac{\text{Net sales} - \text{COGS}}{\text{Net sales}} \times 100$$

$$\text{Gross profit percentage} = \frac{1825,000 - 540,000}{1825,000} \times 100$$

$$\text{Gross profit percentage} = \frac{1285,000}{1825,000} \times 100$$

$$\text{Gross profit percentage} = \frac{\text{Gross profit}}{\text{Net sales}} \times 100$$

$$\text{Gross profit percentage} = \frac{1285,000}{1825,000} \times 100$$

$$\text{Gross profit percentage} = 0.704 \times 100$$

$$\text{Gross profit percentage} = 70.4$$

good

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Net profit percentage = $\frac{\text{Net profit} \times 100}{\text{Total sales}}$

first calculate Net profit = gross profit - operating expense

$$= 1,285,000 - 600,000 = \underline{685,000}$$

$$\text{Net profit percentage} = \frac{685,000}{1,285,000} \times 100$$

$$\text{Net profit percentage} = 0.37 \times 100$$

$$= 37.5 \quad 12/20$$

Q no: - 08

Introduction:-

Financial management is the strategic and important tool to control, plan and direct the financial resources of the firm. Financial management helps in utilizing the firm resources to achieve the company's goal and mission to control. It helps in capital budgeting, risk management and dividend decision. On the other hand the financial markets are

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essential for investment and generating revenue and crucial for the firm.

(2) Financial Management:-

Financial management refers to the strategic planning, organizing, directing and controlling of financial resources to achieve an organization's objectives. It encompasses a wide range of activities including capital allocation and investment decisions and financial analysis.

Key components of financial Management:-

i) Investment Management:-

Focusing on the selecting the most profitable project for the long term and less market return.
e.g.: NPV, IRR, Payback period.

ii) Financing Structure:-

Deals with optimizing the debt and equity to finance firm's operations by maximizing capital.

iii) Dividend Decision:-

Involves deciding how

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of the profit should be distributed among the stockholders as dividends and how much to retain for investment.

Working capital management :-

Finance

Efficient management of short-term assets and liabilities to maintain liquidity and operational activity.

Types of Financial Markets :-

Financial

markets are the platform where financial assets and securities are traded.

Money Market :-

It is a most liquidity market, where assets and securities are sold for short-term (less than year). It can be in a form of treasury bills, commercial paper, certificate of deposits. Its participants are corporate, firms and government to obtain a quick investment from lenders.

good

Capital Market :-

Capital markets are the widely used market where long term securities

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are traded for long-term investment. It comprises of primary and secondary markets. The former consist of new securities issues, while the latter is where existing securities are traded on existing price. (Stock exchange). They are in the form of bonds and debentures.

(3.3) Derivative Market :-

It is a bit complex market, because it focus lies on trading financial instrument whose value is derived from underlying assets like stocks, currencies, or indices.

good

(3.4) Spot Market :-

This market is highly liquid in nature, its name derived because the instruments are sold on the spot with current pricing. It called a spot or cash market because of its high dealing in cash on the spot. It is also known for big gains or losses and not suitable for new buyers.

(3.5) Commodity Market :-

In this market the commodities including gold, silver, oil,

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on agricultural products). It is further divided on spot and future markets. The main objective of this market is price discovery and risk hedging.

(B)

Data: -

Initial Investment = 700,000

Year 1 Additional Investment = 100,000

After cash flows

Year 2 = 250,000

Year 3 = 300,000

Year 4 = 350,000

Year 5 to 10 = Rs. 400,000 annually.

Required rate of return = 15%

NPV = ?

IRR = ?

Sol: - (a) Net present Value (NPV)

Year 0 = Cash Flow = -700,000

Year 1 = Cash flow = -100,000

$PV = \frac{\text{Cash Flow}}{(1+r)^t} - \text{Initial Investment}$

$$PV = \frac{-100,000}{(1+0.15)^1} = -86,956.5$$

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Year 2 = Cash flow = 250,000

$$PV = \frac{250,000}{(1+0.15)^2} = 189,035$$

Year 3 = Cash flow = 300,000

$$PV = \frac{300,000}{(1+0.15)^3} = 197,368$$

Year 4 = Cash flow = 350,000

$$PV = \frac{350,000}{(1+0.15)^4} = 201,149.4$$

Year 5 to 10

Cash flow = 400,000

$$PV \text{ of annuity} = 400,000 \times \frac{1 - (1+0.15)^{-6} \times 1}{0.15 (1+0.15)^4}$$

$$PV \text{ of annuity} = 400,000 \times -8.733 \times 0.57875 = -1,996,000$$

$$NPV = -700,000 + (-869,565) + 189,035 + 197,368 + 201,149 + (-1,996,000)$$

$$NPV = -2,778,013$$

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(B) Internal Rate of return.

$$= \sum_{n=0}^{\infty} \frac{C_n}{(1+r)^n} = 0$$

$$ZPR = -700,000 + \frac{1,000,000}{(1+r)^1} + \frac{250,000}{(1+r)^2} +$$

$$\frac{300,000}{(1+r)^3} + \frac{350,000}{(1+r)^4} + \frac{4,000,000 \times \left(\frac{1+r}{r}\right)^6}{(1+r)^4} = 0.$$

$$ZPR = -700,000 + 869,565 + 189,035 + 1,973,688 + 200,113$$
$$+ 4,000,000 \times \frac{-1.313}{1.749}$$

$$ZPR = 12\%$$

less than the required rate of return (15%)
hence project should not be accepted.

good

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