**CHAPTER - 11**

**MARKETING**

Q1. According to which concept of marketing, availability and affordability of the product are considered to be the key to the success of the firm? (1)

(a) Production concept

(b) Product concept

(c) Selling concept

(d) Marketing concept

Q2. \_\_\_\_\_\_\_\_\_\_\_ is referred to as the essence of marketing. (1)

(a) Price

(b) Product

(c) Exchange

(d) Customer satisfaction

Q3. Which concept of marketing emphasises greater importance to attracting and persuading customers to buy the products? (1)

(a) Production concept

(b) Product concept

(c) Marketing concept

(d) Selling concept

Q4. The demand for a product or service is related to its \_\_\_\_\_\_\_\_\_\_\_. (1)

(a) Price

(b) Promotion

(c) Physical Distribution

(d) Marketing Planning

Q5. Which of the following is not a method of promotion of goods and services? (1)

(a) Advertising

(b) Branding

(c) Personal selling

(d) Sales promotion

Q6. Which of the following is not included in the major components of physical distribution? (1)

(a) Inventory control

(b) Material handling

(c) Transportation

(d) None of these

Q7. Saumya decided to start a business of selling dress material from her house. She did various online surveys to find out about the preferences of prospective customers. Based on this, she prepared a detailed analysis of the business. She then made important decisions including deciding about the features, quality, packaging, labelling and branding of the dress material. Identify the element of Marketing Mix discussed above. (1)  
(a) Promotion

(b) Market

(c) Product

(d) Place

Q8. Based on given two statements below, choose the correct alternative

Assertion: Personal Selling plays a very important role in the introduction stage for a new product.

Reason: Personal Selling helps in pursuing customers about the merits of the product (1)

(a) Both Assertion and Reason are true, and Reason is the correct explanation for Assertion

(b) Both Assertion and Reason are true, and Reason is the not correct explanation for Assertion

(c) Assertion is true, but Reason is false

(d) Reason is true, but Assertion is false

Q9. Based on given two statements below, choose the correct alternative

Assertion: Advertising is an impersonal form of communication

Reason: Advertising is less flexible as the message is standardised and is not taylor made to the requirements of the different customer groups. (1)

(a) Both Assertion and Reason are true, and Reason is the correct explanation for Assertion

(b) Both Assertion and Reason are true, and Reason is the not correct explanation for Assertion

(c) Assertion is true, but Reason is false

(d) Reason is true, but Assertion is false

Q10. Puma, a shoe making company sells its products through its own website. This method of selling comes under which level of distribution? (1)

(a) Zero level channel

(b) One level channel

(c) Two level channels

(d) Three level channels

Q11. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ sets the minimum level or the factor price at which the product may be sold. (1)

(a) Product cost

(b) The utility in the market

(c) Extent of competition in the market

(d) Government and legal regulations

Q12. Managing public relations of an organisation is an important task which can be performed by:

(a) The marketing department

(b) The public relations department

(c) Any outside public relations agency

(d) All of these

Q13. Explain the advantages of branding to marketers of goods and services. (3)

Q14. Differentiate between product and production concept. (3)

Q15. Product is a bundle of utilities. Do you agree? Comment. (3)

Q16. Abhishek, Bhanu and Chhavi were friends from college days and now they are doing different kinds of business. They regularly meet and discuss their business ideas and exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques, social concerns etc.  
In one of such meetings, Abhishek drew the attention of Bhanu and Chhavi towards the exploitation of consumers. He told that most of the sellers were exploiting the consumers in various ways’ and were not paying attention towards the social, ethical and ecological aspects of marketing, whereas he was not doing so.

Bhanu told that they were under pressure to satisfy the consumers, but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same.  
Chhavi stressed that a company cannot achieve its objectives without understanding the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind because business is run by the resources made available to them by the society. She further stated that he himself was taking into consideration the needs of the customers.  
Identify the various types of thinking that guided Abhishek, Bhanu and Chhavi in the marketing efforts of their business. Also, state one more feature of the various types of thinking identified that is not given in the above para.  (3)

Q17. “Time Line” watch manufacturing company is a renowned company marketing watches. It performs various activities like, market analysis, product designing or merchandising,  
packaging, warehousing, branding, pricing, promotion and selling. The company maintains good customer relations through various follow-up activities. This helps the company in procuring repeat sales orders.

1. Name the concept related to the activities mentioned in the above paragraph.
2. Explain any two features of the concept identified in part (1) (3)

Q18. ‘Hello India’ is a famous chain selling a large variety of products in the Indian market. Their products include chips, biscuits, sweets and squashes. It charges a comparatively higher price than its competitors as it sells quality products. Besides, it offers regular discounts to its customers and easy credit terms to its retailers. It has five of its own retail shops. It also sells its products through various grocery stores so that the products are made available to customers at the right place, in the right quantity and at the right time. It regularly uses different communication tools to increase its sales.  
The above paragraph describes the combination of variables used by Hello India to prepare its market offering. Identify and explain the variables. (4)

Q19. Describe the functions of labelling in the marketing of products. (4)

Q20. Explain the factors determining choice of channels of distribution. (4)

Q21. Explain briefly the components of physical distribution. (4)

Q22. What is the marketing concept? How does it help in the effective marketing of goods and services? (4)

Q23. What is marketing mix? What are its main elements? Explain. (4)

Q24. ‘Expenditure on advertising is a social waste’ Do you agree? Discuss. (4)

Q25. What is marketing? What functions does it play with process of exchange of goods and services? Explain. (6)

Q26. What are the factors affecting determination of the price of a product or service? Explain. (6)

Q27. “Coconut Joy Ltd.” are the manufacturer of vegetarian frozen dessert food products made with coconut milk, agave syrup and other certified ingredients. The founders of the company Lovely and Lalita originally developed this treat to meet their own needs but found that their friends and families around were also keen to use the products. It was not only the vegetarians, but also those who could not get enough environment friendly sustainable food, that appreciated the product. It did not take long for Lovely and Lalita to recognise the potential of their little venture. In the beginning they started from their home with the product being sold through local family parties that enable guests to personally meet the owner. This helped to establish strong connections with the prospective buyers and the company could put the product on shelves of natural food store. The company used\* all marketing activities to grow and expand. The company began sponsoring booths at festivals, drawing attention to its newly created vegetarian products. It also disseminated relevant information to media about its products and the people who helped in building the company’s reputation. Lovely and Lalita were invited for an interview with one of the leading TV channels in which they talked about their environment friendly vegetarian products. To show its gratitude to customers, local business and government officials who supported the company from the beginning, “Coconut Joy Ltd.” hosted a gala event and involved all of them to raise funds for a few local NGO’s. The company also asked its fans and customers to send songs and poetry conveying their impression about “Coconut ‘Joy’s Ltd.” products.

1. Identify and explain the communication tool used by “Coconut Joy Ltd”. .
2. Briefly explain the role of the tool identified in (1) above. (6)

**Answers**

Ans 1. (a) Production concept

Ans 2. (c) Exchange

Ans 3. (d) Selling concept

Ans 4. (a) Price

Ans 5. (b) Branding

Ans 6. (d) None of these

Ans 7. (c) Product

Ans 8. (a) Both Assertion and Reason are true, and Reason is the correct explanation for Assertion

Ans 9. (b) Both Assertion and Reason are true, and Reason is the not correct explanation for Assertion

Ans 10. (a) Zero level channel

Ans 11. (a) Product cost

Ans 12. (d) All of these

Ans 13. Branding is an important function performed by a marketer. It has following advantages to the marketers  
(i) Enables marking product differentiation.  
(ii) Helps in advertising and display programmes.  
(iii) Differential pricing.  
(iv) Ease in introduction of new products.

Ans 14.

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| --- | --- | --- |
| Basis | Product concept | Production concept |
| Main focus | The focus of the product concept is on quality of the product. | The focus here is on quantity of the product. |
| Means | It is achieved through continuous improvement in the quality. | It is achieved through increased production leading to lower costs. |
| Objective | Profit maximisation through quality improvement. | Profit maximisation through increased production. |

Ans 15. Yes, product is a bundle of utilities, which is purchased because of its capability to provide satisfaction of certain need. A buyer buys a product or service for what it does or service for what it does for her or the benefits it provides. There can be three types of benefits, it provides to a customer (i) functional benefits (ii) psychological benefits and (iii) social benefits, e.g., the purchase of a motorcycle provides functional utility of transportation, but at the same time satisfies the need for prestige and esteem and provides social benefit by the way of acceptance from a group, by riding it.

Ans 16. The various types of thinking that guided Abhishek, Bhanu and Chhavi in the marketing efforts of their business are described below:

* (Abhishek) Societal marketing concept: The main focus of this philosophy is on both the needs of the potential buyers as well as concern for the society at large. The ends include profit maximisation through customer satisfaction and social welfare.
* (Bhanu) Selling concept: The main focus of this philosophy is on existing products. The ends include profit maximisation through sales volume.
* (Chhavi) Marketing concept: The main focus of this philosophy is on customers needs. The ends include profit maximisation through customer’s satisfaction.

Ans 17. 1. Marketing is the concept related to the activities mentioned in the above paragraph.

2. The two features of marketing are described below:

* + Needs and wants: Marketing is a social process that seeks to satisfy the needs and wants of individuals and organisations. Needs are basic to human beings like food, clothing and shelter and do not relate to a particular product. Whereas wants are culturally defined human needs which are shaped by multiple factors like personality, religion, culture etc. Needs are limited whereas wants are unlimited. Therefore, the success of marketing lies in the competence of the marketer to identify needs of target customers and develop products to satisfy such needs effectively.
  + Creating a market offering: The complete offer for a product or service possessing certain specific features like size, quality, colour etc. is known as a market offering. Thus, the success of the marketers lies in their proficiency to create a market offering in accordance with the needs and wants of the target market. For example a pack of 100 ml of mango juice is available for Rs. 20.

Ans 18. The combination of variables used by Hello India to prepare its market offerings are described below:

* Product: “Their products include chips, biscuits, sweets and squashes.”  
  A product is anything of value i.e. a product or service offered to a market to satisfy its needs or wants. A product includes physical product, after sale service, handling grievances etc. Every marketer needs to constantly review and revise its products in order to enhance customer’s satisfaction and have a competitive edge.
* Price: “It charges a comparatively higher price than its competitors.”  
  Price is the monetary value paid in consideration for purchase of a product or service by a buyer to its seller. It is a very crucial decision for the marketers as consumers are very sensitive to the pricing. The factors affecting price determination are cost of product, the utility and demand, extent of competition in the market, government and legal regulations, pricing objectives and marketing methods used.
* Place: “It has five of its own retail shops.” Or “It also sells its products through various grocery shops.”  
  It is considered an important element of marketing mix because it includes all those activities that help in making the goods and services available to the prospective buyers in the right quantity, at the right time and in right condition. The two main decisions involved in physical distribution are physical movement of goods from producers to consumers and choice of channels of distribution.
* Promotion: “It regularly uses different communication tools to increase its sales.”  
  Promotion refers to the set of activities undertaken by a marketer to inform the prospective buyers about the product and persuading them to make a purchase. The various components of promotion mix are advertising, sales promotion, personal selling and public relation.”

Ans 19. Label on a product provides detailed information about the product, its contents, methods of use etc. The various functions performed by a label are as follows  
(i) Describe the Product and Specify its Contents : One of the most important functions of labels is that it describes the product, its usage, cautions in use etc and specify its contents.  
(ii) Identification of the Product or Brand : A label helps in identifying the product or brand e.g., we can easily pick our favourite soap from a number of packages only because of its label.  
(iii) Grading of Products : Labels help grading the products into different categories. Sometimes, marketers assign different grades to indicate features or quality of the product e.g., different type of tea is sold by some brands under Yellow, Red and Green label categories.  
(iv)Help in Promotion of Products: An important function of label is to aid in promotion of the products. A carefully designed label can attract the customer to purchase. So, many labels provide promotional messages, some show discount or other schemes etc.  
(v) Providing Information Required by Law: Another important function of labelling is to provide information required by law. e.g., the statutory warning on the package of cigarette or pan masala – ‘Smoking is injurious to health’ or ‘Chewing tobacco causes cancer.’

Ans 20. The choice of channels depends on various factors, which are discussed as follows  
(i) Product Related Factors: The important product related considerations is deciding the channels. It includes whether the ‘product is an industrial product or a consumer product. Industrial product require shorter channel and consumer products require longer channel.  
(ii) Company Characteristics: The important company characteristics affecting the choice of channels of distribution include the financial strength of the company and the degree of control it wants to hold on other channel member. Direct selling involves a lot of foods to be invested in fixed assets say starting own retail outlets or engaging large number of sales force. Similarly if the management want to have greater control on the channel number, short channels are used but if the management do not want more control over the middlemen, it can go in for longer channel or large number of intermediaries.  
(iii) Competitive Factors : The choice of channel is also affected by what the competitor has selected as its channel. Sometimes, firm may decide to go for the same channel and sometimes absolutely opposite.  
(iv) Market Factors : Important market factors affecting the choice of channel of distribution include size of market, geographical concentration of potential buyers and quantity purchased.  
(v) Environmental Factors : Sometimes environmental factors also helps in deciding the channel of distribution, e.g., in a depressed economy, marketers use shorter channels to distribute their goods in an economical way

Ans 21. The main components of physical distribution are as follows’  
(i) Order Processing  
If a firm takes more time to process the order, then the consumer remains dissatisfied. Therefore, order processing has to made faster by using information technology.  
(ii) Inventory Control  
Inventories ensure the availability of the product as and when consumer demand arises. There are various factors which influence a firm decision regarding the level of inventory e.g., degree of accuracy of sales forecast, cost of blocking of the working capital etc.  
(iii) Warehousing  
It refers to the storage of goods from the time of production to the time of consumption. Warehousing is important as it creates time utility.  
(iv) Transportation  
It creates place utility. It refers to the carrying of raw materials or finished goods from one place to another. The most important thing to be kept in mind is that the value addition by transportation should be greater than the cost of transportation

Ans 22. Orientation of marketing implies that focus on the satisfaction of customers need, is the key to the success of any organisation in the market. All the decisions in the firm are taken from the point of view of the customers, e.g., What product will be produced, with what features and at what price shall it be sold or where shall it be made available for sale will depend on what do the customer wants.  
Marketing concept helps in effective marketing of goods and services by using the following  
(i) Identification of market or customer who are chosen as the target of  
(ii) Understanding needs and wants of customers in the target market.  
(iii) Development of products or services for satisfying needs of the target market.  
(iv) Satisfying needs of target market better than the competitors.  
(v) Doing all this at a profit.

Ans 23. Marketing mix refers to the combination of four basic elements known as four P’s — Product, Price, Promotion and Place.  
(i) Product Mix : Product mix basically concerns with the features related to a product e.g., range, quality, size, labelling, packaging, branding etc. All products must satisfy consumer needs and expectations. It aims at providing good quality products at fair prices.  
(ii) Price Mix : It includes decisions relating to price determination, discounts and allowances credit terms. It covers pricing objectives and pricing policies. Price should cover not only cost of production and selling expenses but also a reasonable profit margin. The price policy adopted by the enterprise should not only be cost based but also demand based and competition based.  
(iii) Place Mix : Place mix links the seller and buyer. The choice of channels of distribution and transport are the two major issues here. There are various factors which help in deciding the channel e.g., the time and the place, where the goods have to reach or transportation.  
It is the nature of goods, place of destination, cost and availability etc.  
(iv) Promotion Mix : It refers to all marketing activities to increase the volume of sales of the product of an enterprise. It consists of means of marketing communication with a view to informing and persuading the prospective buyers to buy a certain product. It includes advertising, personal selling, publicity and sales promotion.

Ans 24. The opponents of advertising say that the expenditure on advertising is a social waste as it adds to the cost, multiplies the needs of the people and undermines social values. The proponents, however argue that advertising is very useful as it increases the reach, brings the per unit cost of production down and adds to the growth of the economy.  
Following are the points of criticism : *(any four)*  
(i) Adds to Cost : The opponents of advertising argue that advertising unnecessarily adds to the cost of product, which is ultimately passed on to the buyers in the form of high prices. It is line that advertisement of a product cost lots of money but it helps to increase the demand for the product as large number of potential buyers come to know about the availability of the products, its features etc and are persuaded to buy it. This increases the demand and therefore the  
– production. As a result, the per unit cost of production comes down as the total cost is divided by larger number of units.  
(ii) Undermines Social Values : Advertising undermines social values and promotes materialism. It breeds discontentment among people as they come to know about new products and feel dissatisfied with  
their present state of affairs. This criticism is not entirely time. Advertisement in fact helps buyer by informing them about the new products which may be improvement over the existing products.  
(iii) Confuses the Buyers : Another criticism against advertisements is that so many products are being advertised which makes similar claims that the buyer gets confused as to which one is true and which are should be relied upon, e.g., there are so many brands of soaps, shampoos, cars, TVs, cell phones etc which are advertised. The supporters of advertisement, however argued that we are all rational human beings who make our decisions for purchase of products on factors, such as price, style, size, etc. Thus the buyers can clear their confusion by analysing the information provided on the advertisements and other sources before taking a decision to purchase a product.  
(iv) Encourages Sale of Inferior Product : Advertising does not distinguish between superior and inferior products and persuade people to purchase even the inferiors products. The desired level of quality will depend on the economic states and preferences of the target customers. Advertisements sell products of a given quality and the buyers will buy, if it suits their requirements.  
(v) Some Advertisements are in Bad Taste : Another criticism against advertising is that some advertisements are in bad taste. They show something which is not approved by some people. Some advertisement spoil the relationship between employer and employee, husband and wife etc.  
From the above discussion, we have learnt that through advertisements are crticised but still they have their own advantages. It is not a social waste, rather it adds value to the social cause by giving a boost to production and generating employment.

Ans 25. Marketing is a total system of business activities designed to plan, price, promote and distribute want satisfying goods and services to present and potential customers. Marketing is concerned with exchange of goods and services from producer to consumers which involves many activities. *(any six)*  
(i) Gathering and Analysing Market Information : This is done to identify the needs of the customers and take various decisions for the successful marketing of the products and services.  
(ii) Marketing Planning : Another important activity or area of work of a marketer is to develop appropriate marketing plans, so that the marketing objective of the organisation can be achieved.  
(iii) Product Designing and Development : The design of the product contributes to make the product attractive to the target customers.  
A good design can improve performance of a product and also give it a competitive advantage in the market.  
(iv) Standardisation and Grading : Standardisation refers to producing goods of predetermined specification which helps in achieving uniformity and consistency in the output which reduces the need for inspection, testing and evaluation of the products.  
Grading is the process of classification of products into different groups, on the basis of its features such as quality, size etc. It ensures that goods belong to a particular quality helps in realising higher prices for high quality output.  
(v) Packaging and Labelling : Packaging refers to designing the package for the products. Labelling refers to designing the label to be put on the package. Packaging provides protection to the product and also helps in its promotion. Labelling helps in self service.  
(vi) Branding : Brand names help in creating product differentiations i.e., how the product can be distinguished from its competitors.  
(vii)Customer Support Service : Marketing management relates to developing customer support service such as after sales services, handling customer complaints. All these aim at provides customer satisfaction which is a key to marketing success.  
(viii) Pricing of Product : Price is an important factor affecting the success or failure of a product in the market. The marketers have to analyse properly the factors determining the price of a product.  
(ix) Promotion : Promotion of products and services involves informing the customers about the firm’s product, its features etc and persuading them to purchase these products. It includes four method advertising, sales promotion, personal selling and publicity.  
(x) Physical Distribution : The important decisions areas under physical distribution include managing inventory, storage, warehousing and transportation of goods from one place to the other.  
(xi) Transportation : Transportation involves physical movement of goods from one place to another. A marketer has to perform this function very efficiently keeping in mind the nature of product, cost, location of target market etc.  
(xii) Storage or Warehousing : In order to maintain smooth flow of products in the market, there is a need for proper storage of the products. Further, there is a need for storage of adequate stock of goods to protect against unavoidable delays in delivery or to meet ‘out contingencies in the demand. Wholesalers and retailers are playing an important role.

Ans 26. There are number of factors which affect the fixation of the price of a product. Some of the important factors in this regard are discussed as below  
(i) Product Cost : The cost sets the minimum level or the floor price at which the product may be sold. There are broadly three types of cost—fixed costs, variable costs and semi variable cost. Total cost is the sum of all these three. Generally, all firms try to cover all their costs, atleast in the long Sun. In addition, they aim at earning a margin of profit over and above the costs.  
(ii) The Utility and Demand : The utility provided by the product and the intensity of demand of the buyer sets the upper limit of price, which a buyer would be prepared to pay. Infact the price must reflect the interest of both the parties to the transaction — the buyer and the seller. The buyer may be ready to pay up to the point, where the utility from the product is atleast equal to the sacrifice made in terms of the price paid. The seller would, however, try to cover the costs. According to the law of demand, consumers generally purchase more units at a low price than at a high price.  
(iii) The Extent of Competition in the Market : The price is also affected by the nature and degree of competition. The price will tend to reach the upper limit in case there is less degree of competition while under free competition, the price will tend to be set at the lowest level.  
(iv)Government and Legal Regulations :  
In order to profit the interest of public against unfair practices in the field of price fixing, Government can intervene and regulate the price of commodities. Government can declare a product as essential product and regulate its price.  
(v) Pricing Objectives : Pricing objectives are another important factor affecting the fixation of the price of a product or a service. Apart from price maximisation, the pricing objectives of a firm may include.  
(a)Obtaining Market Share Leadership : If a firm objective is to obtain larger share of the market, it will keep the price of its products at lower level, so that greater number of people are attracted to purchase the products.  
(b)Surviving in a Competitive Market : If a firm is facing difficulties surviving in the market because of intense competition or introduction of a more efficient substitute by a competitor.  
(c) Attaining Product Quality Leadership : In this case, normally higher prices are charged to cover high quality and high cost of R & D (Research and Development).  
(vi)Marketing Methods used Price Fixation : Price is also affected by other elements of marketing such as distribution system, quality of salesmen employed, quality and amount of advertising, sales promotion efforts, the type of packaging, product differentiation, credit facility and customer service provided.

Ans 27. 1. Public relations is the communication tool used by “Coconut Joy Ltd”. Public relations refers to the practice of managing communication between an organisation and its publics in order to create and maintain a positive image about itself and its products.

2. The role of public relations department is described below:

* + Press Relation: It manages relations with the press to present true and correct information about the company. Thus, public relations helps to create a positive image about the company in the eyes of various interest holders like consumers, government, suppliers etc.
  + Product Publicity: It undertakes product publicity for new products through sponsorships. Thus, it helps in launching new products as they may be accepted easily because of good reputation of business.
  + Corporate Communication: It promotes image of the company through different ways of corporate communication like publication of newsletters, brochures, articles or arranging for talk shows or speeches of high officials of the company.
  + Lobbying: It is proactive in promoting or defending regulations that affect business by maintaining healthy relationships with associations of commerce and industry, government officials and different ministers in charge of corporate affairs etc.