

MEANING OF SOME IMPORTANT TERMS:

- **Needs** = basic human requirements. Essential items necessary or fundamental to human existence.
- **Wants**= desire for a particular product. Tend to be “satisfier specific”.
- **Demand**- willingness to buy is backed by purchasing power
- **Utility** – want satisfying power of a product.

What can be marketed:

A product = bundle of utility not confined to physical products but can refer to other things of value such as services, ideas, place. It refers to anything that satisfies a need or want.

- **may be tangible or intangible(i.e. goods and services)**
- **even people can be marketed**

What can be marketed:

- **Customers=** people or organizations that seek satisfaction of their wants.
- **“Marketers”** = Anyone taking a more active role in the process of exchange is called a marketer. Normally it is the seller. But in certain situations, it may also be the buyer. This may be in the situation of rare supply.

What can be marketed:

- **Sellers as marketer are the deliverers or providers of satisfaction. They makes available products or services and offers them to customers with an intention of satisfying customer needs and wants. They can be divided into:**
- **Goods marketers (such as Hindustan Lever)**
- **Services marketers (such as Indian Airlines)**

What can be marketed:

- Others marketing experiences (such as Walt Disney) or places (like tourist destinations).
- **Marketing activities =** activities carried on by the marketers to facilitate exchange of goods and services between the producers and the users of such products.

What can be marketed:

- **Market is:** Place where buyers and sellers meet and conduct buying and selling activities. It does not necessarily mean a geographical place(e.g. conduct of business thro telephone, mail or internet)

What can be marketed:

- **The other ways in which this term is being used is in the context of a product market (cotton market, gold or share market), geographic market (national and international market), type of buyers (consumer market and industrial market) and the quantity of goods transacted (retail market and wholesale market).**

What can be marketed:

- **In the modern marketing sense, it refers to a set of actual or potential buyers of a product or service i.e. all customers who share a particular need or want and are able to buy the product (also referred to as target markets)**

Important Features of Marketing

1. Needs and wants: Satisfaction of the needs and wants of individuals and organizations.

2. Creating a market offering: Complete offer for a product of service.

3. Customer value: greatest benefit or value for the money.

4. Exchange mechanism: Exchange of products/services for money/for something of value to them.

Meaning and concept of Marketing Management

Marketing management means management of the marketing functions. It is the process of organizing, directing and controlling the activities related to marketing of goods and services to satisfy customers' needs & achieve organizational goals.

The process of Marketing involves:

i. Choosing a target market

ii. Getting, keeping as well as growing the customer

- that is, ensure that the target customers purchase the firm's product, ensure that they keep their customers satisfied with the products and attract new customers so that the firm can grow.**

iii. Create, develop and communicate superior values to the customers.

Functions of Marketing/Marketing activities

Gathering And Analyzing Market Information:

- **systematic investigation of facts**
- **SWOT analysis**
- **Necessary to identify needs**
- **Decisions can be wrt. Identifying customer needs and wants, identifying buying motives, choice of a brand name, packaging and media used for promotion.**
- **Data is available both from primary as well as secondary sources.**

Marketing planning :

- **Aim = to develop a complete marketing plan so that the marketing objectives can be achieved.**
- **It also must specify the action programs .**
- **E.g if a marketer aims at enhancing his market share in the country in the next three years, then his marketing plan should include various important aspects like plan for increasing level of production, promotion of products etc.**

Product designing and development:

- **Involves decisions regarding the product to be manufactured and it's attributes such as its quality considerations, packaging, models and variations to be introduced etc.**
- **Done by anticipating customer needs and developing new products or improving existing products to satisfy these needs.**

Standardization and grading:

- **Standardization = Process of setting certain standards for a product on the basis of its desired qualities. E.g. ISI mark for electrical goods.**
- **Grading = Division of products into classes made up of units possessing similar features such as for agricultural products**

Packaging and labeling:

- **Packaging** refers to designing a package (that is a wrapper or a container) for a product.
- **Packaging** protects the products from damage , risks of spoilage, breakage and leakage. It also makes buying convenient for customers and serves as a promotional tool.
- **Labeling** = designing a label to be put on the package. It may vary from a simple tag to complex graphics.

Branding

- **Whether to sell the product in its generic name or in a Brand name.**
- **Helps in differentiation, builds customer loyalty and promote its sale.**
- **Decision = whether each product will have a separate brand name or the same brand name to be used for all products.**

Concepts & Philosophies of Marketing

1. PRODUCTION CONCEPT = In the earlier days of the industrial revolution, the number of producers were limited, → limited supply of industrial products → not able to match demand . So, anyone who was able to produce goods could easily find buyers for the same.

2. PRODUCT CONCEPT= With passage of time, the supply improved→ customers started looking for products that were superior in performance, quality and features.

Concepts & Philosophies of Marketing

3. SELLING CONCEPT= increase in scale of production → competition among the sellers → Product quality and availability alone did not ensure survival as a large number of firms were now selling products of similar quality.

4. MARKETING CONCEPT

: Implies that a firm can achieve its goals by identifying needs of the customer and satisfying them better than the competitors. Customer satisfaction is the precondition for realizing the firm's goal and objectives,

Concepts & Philosophies of Marketing

5. SOCIAL MARKETING CONCEPT : Under this concept customer satisfaction is supplemented by social welfare. Some products bring harmful effect on environment so these should not be supplied. It pays attention to the social, ethical and ecological aspects of marketing. Raman, Joginder, John, Iqbal and Shreya are friends. They are operating different business. Each one has his/her own concept regarding operating their business. Raman believes in producing products at a large scale. Thereby decreasing the average cost of the products and selling it's at a reasonable price.

Meaning and Concept of Marketing and Selling

Marketing is a wide term. It refers to a large set of activities of which selling is just one part. A marketer before making the sale does a lot of other activities such as planning the type, design of the product, the price and selecting the distribution outlets at which the same would be available.

Meaning and Concept of Marketing and Selling

Selling: refers to the sale of goods or service through publicity, promotion and salesmanship. The title of the product is transferred from seller to buyer. The entire focus in selling is to convert the product into cash.

Difference between Selling & Marketing

Basis	Selling	Marketing
Scope	It is only a part of process of marketing.	It is a wide term consisting of a number of activities such as identification, customers needs etc.
Focus	Transfer of the title from seller to consumer.	Achieving maximum satisfaction of customers needs and wants.
Pre-dominance	Product is given quantity.	Customer is treated as the king.
Aim	Profits through sales volume.	Profits through customer satisfaction.
Emphasis	Bending the customer according to the product.	To develop the products as per the customer needs.

Marketing Mix

There are a large number of factors that affect marketing decisions. They can be classified as:

- **Non-controllable factors and Controllable factors:**

To be successful, a firm needs to take sound decisions wrt controllable factors while keeping the environmental factors in mind.

To develop marketing tools, marketing managers use the above mentioned controllable factors and the set of marketing tools that a firm uses to pursue its marketing objectives in the target market is described as Marketing Mix.

Marketing Mix

Success of a market offer will depend upon how well these ingredients are mixed to create superior value for customers and simultaneously achieve their sales and profit objective. Thus, an ideal marketing mix would need:

- Producing satisfying products**
- Offered to buyers at a reasonable price**
- Conveniently available**
- About which communication is offered**

Marketing mix refers to ingredients or the tools or the variables which the marketer mixes in order to interact with a particular market.

Elements of Marketing Mix

The four main elements of marketing mix as classified by MCCarthy are:

A. Product

B. Price

C. Place/Physical Distribution

D. Promotion

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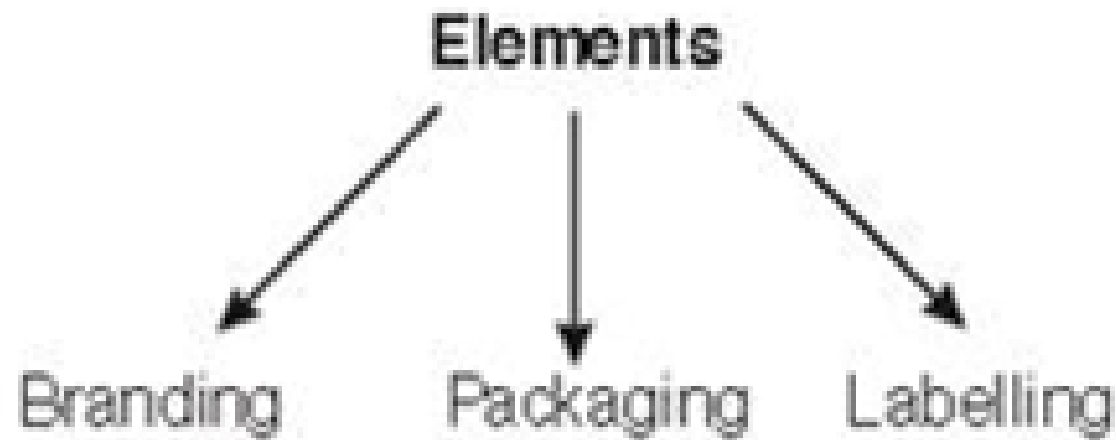
These elements are more popularly known 4 P's of the marketing.

Elements of Marketing Mix



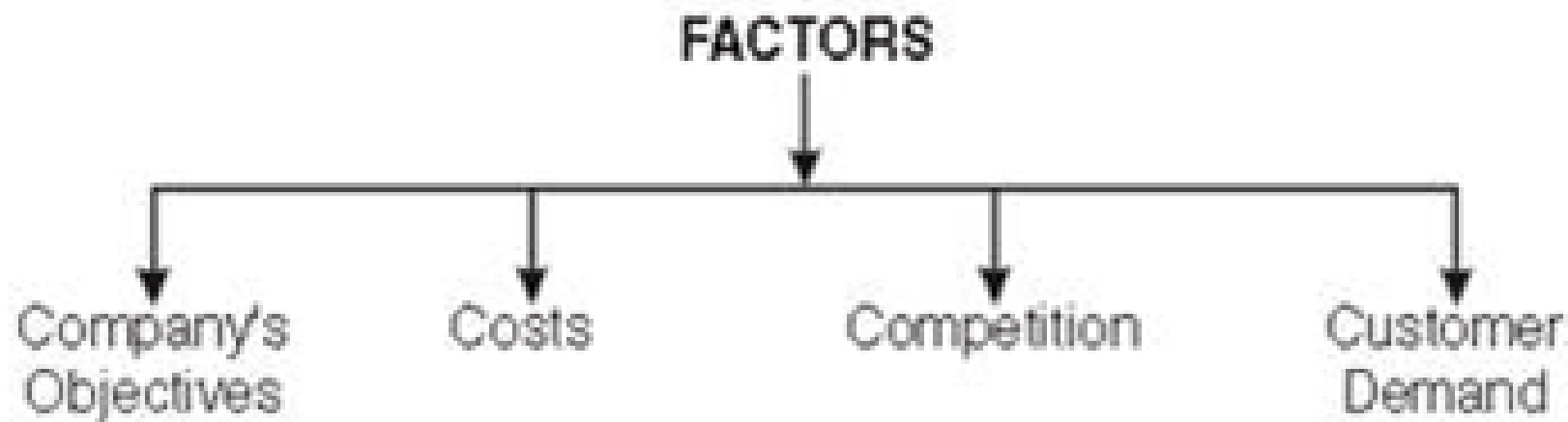
Elements/4 Ps of Marketing Mix

1. Product Mix: All the features of the product or service to be offered for sale.



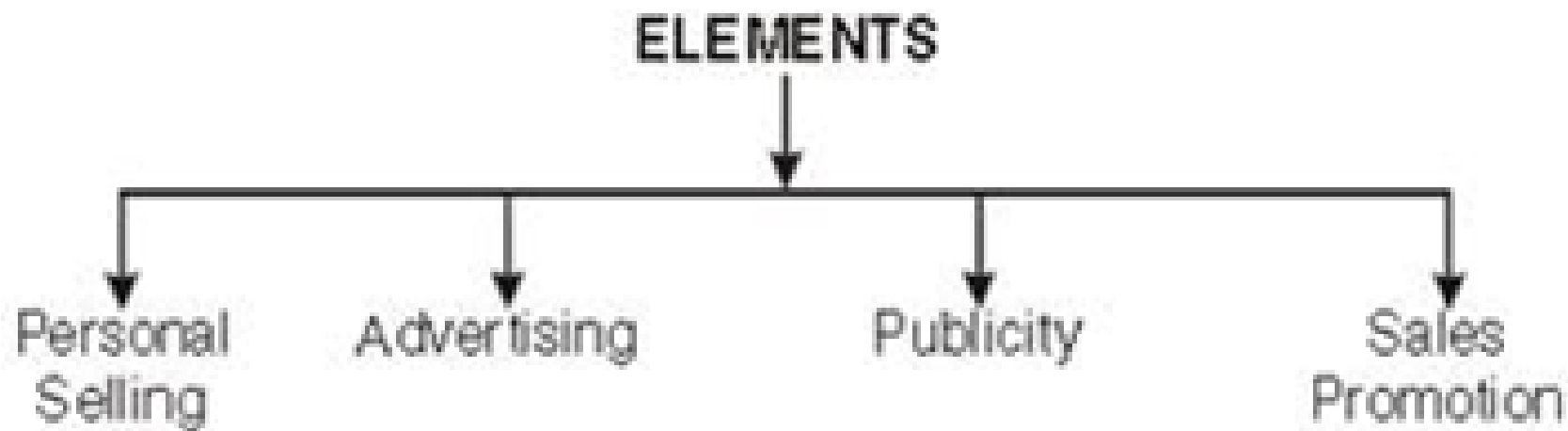
Elements/4 Ps of Marketing Mix

2. Price Mix: Value (Money) in lieu of product/service received by seller from a buyer.



Elements/4 Ps of Marketing Mix

3. Promotion Mix: Informing the customers about the products and persuading them to buy the same.



Elements/4 Ps of Marketing Mix

4. Place Mix: Physical distribution: Various decisions regarding distribution of products.

- **Channels of distribution:** Whether wholesalers, retailers are to be used or not.
- **Physical movement of the products from producer to consumers.**
- **Storage, transportation, managing inventory (stock) etc.**

Branding

Branding: The process used to create a distinct identity of a product. It is the process of using a name, term, symbol or design individually or in some combination to identify a product.

Brand : Name, term, sign, design or some combination of the above used to identify the products of the seller and to differentiate them from those of competitors.

Qualities of a Good Brand Name

- 1. Short, easy to pronounce, spell and remember(Rin, Vim, Ponds)**
- 2. Suggest product benefits and quality (Genteel, Boost)**
- 3. Distinctive (Zodiac, Safari)**
- 4. adaptable to packing or labeling requirements, to different advertising media and to different languages.**

Qualities of a Good Brand Name

- 5. Versatile to accommodate new products(Maggi)**
- 6. Capable of being registered and protected legally**
- 7. Have staying power(should not get outdated easily).**

Advantages of Branding

1. Enables product differentiation:.

- **Distinguishes the firms products from that of its competitors, thus secures and controls its markets.**

2. Helps in advertising and display programmes:

- **Without a brand, the advertiser can only create an awareness about the generic product and not be sure of the sale of his brand.**

Advantages of Branding

3. Differential pricing:

- **As when customers like and become used to a brand, they would agree to pay a little more for it than the competing product**

4. Ease in introduction of a new product minimizes selling costs – enjoys the reflected glory of the brand.

Advantages to Customers

1. Helps in product identification:

- If customer is satisfied with a brand, he will not make a close inspection every time.

2. Ensures quality:

- deviation in quality, customers can have a recourse to the manufacturer/marketer. ↑ confidence and level of satisfaction of customers

3. Status symbol:

- Because of their quality, customers feel proud of using them and so ↑ level of satisfaction of customers

Packaging:

Act of designing and producing the container or wrapper of a product. Good packaging often helps in selling the product so it is called a silent salesman.

Levels of Packaging

- 1. Primary Package:** refers to the product's immediate container e.g. toffee in a wrapper, a match box.
- 2. Secondary Package:** refers to additional layers of protection that are kept till the product is ready for use e.g. a Colgate toothpaste usually comes in a card board box.
- 3. Transportation Package:** refers to further packaging components necessary for storage, identification and transportation e.g. package of toffees are put into corrugated boxes for storing at a manufacturer's warehouse and for transportation.

Functions of Packaging

- 1. Product Identification:** Packaging helps in identification of the product.
- 2. Product Protection:** The main function of the packing is to provide protection to the product from dirt, insects and breakage.
- 3. Convenience:** It provides convenience in carriage, stocking and in consumption.
- 4. Product Promotion:** Packaging simplifies the work of sales promotion.

Advantages of Packaging

- **Rising Standards Of Health And Sanitation – As chances of adulteration in such goods are minimized**
- **Self-Service Outlets – so some of the traditional role assigned to personal selling w.r.t promotion has gone to packaging.**
- **Innovational Opportunities – innovation on packaging used to market products e.g. tetra packs for milk.**
- **Product differentiation – colour, size, material etc of packaging makes a difference in perception of customers about the quality of the product.**

Labelling

1. Identify the product: It helps the customers to identify the product from the various types available. For example: We can easily identify a Cadbury chocolate from the various chocolates by purple colour of its label.

2. Describe the product and specify its contents: The manufacturer prints all the information related to the product.

Labelling

3. Grading of products: With the help of label, products can be graded indifferent categories for example: Brook Bond Red Label, Brook Bond Yellow Label, Green Label etc.

4. Helps in promotion of products: Attractive and colourful labels excite the customers and induce them to buy the products. For example: 40%extra free mentioned on detergent etc.

Labelling

5. Providing information required by law: There is legal compulsion to print batch no., contents, max retail price, weight/volume on all the products and statutory warning on the packet of cigarettes, “Smoking is injurious to health”: In case of hazard on/poisonous material appropriate safety warnings need to be put.

P-PRICE MIX

Meaning and concept of Price: Sum of values that consumers exchange for the benefit of having or using the product Price may therefore be defined as the amount of money paid by a buyer (or received by a seller) in consideration of the purchase of a product or a service

Normally expressed in monetary terms. Decisions include decisions wrt basic price, discounts to be offered etc

Factors determining price determination

1. Pricing Objectives

(a) to maximise profits in the short term-tend to charge maximum price.

(b) Obtain large share of the market i.e., by maximising sales it will charge lower price.

(c) Firm is operating in the competitive market it may charge low price for it.

Factors determining price determination

2. Product cost:

- Price should include all costs and also include a fair return for undertaking the marketing effort and risk.
- Includes costs of producing, distributing and selling the product.
- Costs sets the floor price – the minimum level / lower limit at which the product may be sold.
- Price should recover Total costs (Fixed costs/overheads + Variable costs+ Semi-variable costs) in the long run, but in certain circumstances (introduction of a new product/entry into a new market) product price may not cover all the costs for a short while.

Factors determining price determination

3. Utility and demand:

- **Utility provided by the product and the demand of a product set the upper limit of price that a buyer would be willing to pay for a product.**
- **Buyers pay to the point where the utility of the demand is more than or equal to the utility derived from it.**
- **Law of demand = consumers purchase more at a lesser price.**

Factors determining price determination

- **Elasticity of demand = responsiveness of demand to change in prices of a product. Demand = elastic if a small change in price results in a large change in quantity demanded.**
- **If demand is inelastic, firm can fix higher prices.**

4. Competition in Market: Prices of competitors need to be considered before fixing prices.

Factors determining price determination

5. Government Policies: Products regulated by government pricing regulations need to be priced as per government policies.

III. P-Place Mix/Physical Distribution Mix

A set of decisions needs to be taken to make the product available to customers for purchase and consumption.

- **The marketer needs to make sure that the product is available at the right quantity, at the right time and at the right place.**
- **It requires development of:**
- **Channels of distribution**
- **Physical distribution of products.**

Components of physical distribution

- 1. Order Processing:** Accurate & speedy order processing leads to profit & goodwill & vice versa.
- 2. Transportation:** Add value of the goods by moving them to the place where they are required.
- 3. Inventory control:** Additional demand can be met in less time, the need for inventory will also be low.
- 4. Ware housing:** Need arises to fill the gap between the time when the product is produced & time when it is required for consumption.

Channels of Distribution

- **Includes a series of firms/ individuals/ people/institutions/merchants and functionaries who form a network which helps in the transfer of title to a product from the producer to the end consumer.**
- **They help to overcome time, place and possession gaps that separate the goods and services from those who need/want them from those who want them**

Types of Channels

Direct Channel – Manufacturer-Customer. Eg. mail order, internet, door to door selling.

Indirect Channel –

1. Manufacturer-Retailer-Customer.
Usually used for specialty goods like expensive watches, appliances, Cars(Maruti Udyog) etc.

2. Manufacture-wholesaler-Retailer-customer.

Usually used for consumer goods like soaps , salt etc.

Types of Channels

3. Manufacture → Agent → Wholesaler → Retailer → Customer
Done when manufacturers cannot approach wholesalers directly or when they carry a limited product line and has to cover a wide market.

Factors Determining Choice of Channels of Distribution

Choice of appropriate channel of distribution is a very important marketing decision, which affects the performance of an organisation. Whether the firm will adopt direct marketing channels or long channels involving a no. of intermediaries is a strategic decision.

P-Promotion Mix

It refers to combination of promotional tools used by an organization to communicate and persuade customers to buy its products.



Tools/Elements of Promotion Mix

1. Advertising: Most commonly used tool of promotion. It is an impersonal form to communication, which is paid by the marketers (sponsors) to promote goods and services. Common mediums are newspaper, magazine, television & radio.

Role or Importance of Advertising

1. Paid Form –sponsorer has to bear the costs of communicating with the prospective buyer.

Tools/Elements of Promotion Mix

- 2. Impersonality – no direct face to face contact between prospects and advertisers. Creates a monologue and not a dialogue.**
- 3. Identified Sponsor –undertaken by an identified individual who makes the advertising effort and bears the costs of it.**
- 4. Mass Reach – large number of people over a large geographical area can be reached.**

Tools/Elements of Promotion Mix

5. Enhancing Customer Satisfaction And Confidence – creates confidence and prospective buyers feel more comfortable and assured about the product quality

6. Expressiveness – due to development in art, computer designs and graphics, special effect can be created that makes simple products and messages look attractive.

7. Economy- because of its wide reach, overall cost of advertising gets spread over a wide audience and per unit cost of reach ↓.

Objections against Advertising

Though advertising is one of the most frequently used medium of promotion of goods & services but it attracts a lot of criticism/objections against it, which are as follows:

- 1. Increased Product Price:** Which is ultimately added to product cost, manufacturers pass this cost to ultimate customers.
- 2. Confusion to Customers:** The number of advertisements shown for a single product having different brands confuse the customers and it becomes very difficult for them to make choice.

Objections against Advertising

3. Encouraging sale of Inferior Products: In many cases some product features are over emphasized.

4. Advertisement of Bad Tastes: Events, models degrade the human dignity.

5. Undermines Social Values and Promotes Materialism: It induces the customers to buy more and more products. Because of emphasis on materialism, social relationships are distorted which brings social disorder.

Personal Selling

Personal selling consists of contacting prospective buyers of product personally i.e face to face interaction between seller and buyer for the purpose of sale.

Features of the Personal Selling

- 1. Personal contact is established under personal selling.**
- 2. Oral conversation.**
- 3. Quick solution of queries.**
- 4. Receipt of additional information.**
- 5. Development of relationship with the prospective customers which may become important in making sale.**

Qualities of a Good Salesman

- 1. Physical qualities: Tidy appearance, good posture, cheerful smile etc**
- 2. Psychological qualities: good nature with Empathy and ego drive,**
- 3. Technical quality: Full technical knowledge about the product,**
- 4. Good communication skills – Polite, tactful, having good manners etc**

Qualities of a Good Salesman

5. Honesty,

6. Courtesy,

7. Persistent- must not give up as one additional argument can close a sale.

8. Capacity to inspire trust

Sales Promotion

**Refers to short term incentives/
other promotion activities that seek
to stimulate interest, trial or
purchase.**

Merits of Sales Promotion

1. Attention Value: Attract attention of people through use of incentives.

2. Useful In New Product Launch: Sales promotion tools induce people to break away from their regular buying behavior and try new products.

3. Synergy in Total Promotional Efforts: Sales promotion activities add to the overall effectiveness of the promotional efforts (advertising and personal selling) of a firm.

Limitations Of Sales Promotion – if used frequently

a. Reflects Crisis: A firm that frequently relies on sales promotion activities may give the impression that it is unable to manage its sales and there are no takers for its products.

b. Spoils Product Image: Consumers may feel that the products are not of good quality or are not appropriately priced.

TECHNIQUES

1. Product Combination: Offering another product as gift along with the purchase of a product.

2. Instant draws and assigned gift: Scratch a card and instantly win a prize with the purchase of a TV, T. Shirt, Refrigerator etc.

3. Quantity Gift: Offering extra quantity of the product e.g., Buy three LUX soaps and get one free.

TECHNIQUES

4. Refunds: Refunding a part of price paid by customer on production of some proof of purchase. e.g Rs 2 off on presentation of empty pack of Ruffle lays

5. Sampling: Offer of free samples of the product to potential customers. Generally used at the time of introduction of a product.

Public Relations

“The Chartered Institute of Public Relations” defines Public Relations as a strategic management function that adds value to an organization by helping it to manage its reputation. Public relations covers a wide range of tactics, usually involve providing information to independent media sources in the hope of gaining favorable coverage. It also involves a mix of promoting specific products, services and events and promoting the overall brand of an organization, which is an ongoing task. Public Relation tools include:

Press Release

A press release is an announcement of an event, performance, or other newsworthy item that is issued to the press by a public relations professional of an organization. It is written in the form of a story with an attractive heading so that the media quickly grasp and circulates the message through newspaper/radio/television/internet .

Press Kits

It is a comprehensive package of information outlining a company's products and services most frequently sent to members of the press. It includes

- A brief company biography.**
- Information of senior management.**
- Comments from customers.**
- Reprints of newspaper and magazine articles.**
- Photos of products.**

Brochures

It is a booklet published by the organization which contains the organization's background, its ethics, vision, mission, its past, present and future projects, its CISP, etc. E.g.: brochure given to new employees to give them a gist of the organization.

Newsletter

It is a printed publication produced at regular intervals focusing on a particular set of people. The content of a newsletter is presented in a writing style that is less formal and letter-like. For example, a newsletter published by a college consists of information about activities conducted during a particular period, special achievements by students or teachers, etc.

Events and Press support

Special events are acts of news development. The ingredients are time, place, people, activities, drama, showmanship; one special event may have many subsidiary events, such as luncheons, banquets, contests, speeches, and many others as part of the buildup.

Conferences and Seminars

Conferences and seminars are conducted for making people aware about the organization. For example travel companies generally call prospective clients and offer travel packages. The members are contacted through telephones and asked to attend seminar.

Websites

A website acts as a window for the outside world to know an organization. So it is designed not just to serve as a resource for members, but also to present a positive message to non-members who are browsing through.

ROLE OF 'PR' IN AN ORIGINATION

(i) Smooth functioning of business and achievement of objectives.

(ii) Building corporate image that affects favorably on its products. Up keep of parks, gardens, sponsoring sports activities etc.

Very Short Answer Type Questions

Very Short Answer Type Questions

1. Explain the advantages of branding to marketers of goods and services.

Ans: 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.**

Very Short Answer Type Questions

2. List the characteristics of a good brand name.

Ans: Following are the characteristics of a good brand name

- (i) It should be short, easy to pronounce, recognise and remember e.g., Bin, Vim.**
- (ii) It should suggest product's qualities e.g., Genteel, Rasna.**
- (iii) It should be distinctive e.g., Zodiac.**
- (iv) It should be versatile to accomodate new products which are added to the product line e.g., Maggie, Videocon.**
- (v) It should be capable of being registered and protected legally.**
- (vi) Chosen name should have staying powers e.g., it should not get out of date.**

Very Short Answer Type Questions

3. What is the societal concept of marketing?

Ans: The societal concept of marketing means an extension of marketing concept. Apart from the consumer satisfaction, it pays attention to the social, ethical and ecological aspects of marketing.

Very Short Answer Type Questions

4. List the characteristics of convenience products.

Ans: Following are the characteristics of convenience products

- (i) These goods are purchased at convenient locations with least efforts and time.**
- (ii) They have regular and continuous demand.**
- (iii) They are purchased in small quantities and per unit price is low.**
- (iv) They are mostly branded and have standardised price.**
- (v) The competition is high as the supply is greater than the demand.**
- (vi) Sales promotion schemes play an important role in the marketing of such products.**

Very Short Answer Type Questions

5. Enlist the advantages of packaging of a consumer products.

Ans: Importance of Packaging

(i) Helps in raising the standard of health and sanitation.

(ii) Helps in self service outlets as consumer can easily decide on his own what to buy.

(iii) Innovational opportunity e.g., new types of packaging availability have made it easier to market the product.

(iv) Product Differentiation Packaging is one of the very important means creating product differentiation.

Very Short Answer Type Questions

6. What are the limitations of a advertising as a promotional tool? Enlist.

Ans: Following are the limitations of advertising

- (i) Less forceful**
- (ii) Lack of feedback**
- (iii) Inflexibility**
- (iv) Low effectiveness**

Very Short Answer Type Questions

7. List five shopping products purchased by you or your family during the last few months.

Ans: (i) Curtains
(ii) Shirts
(iii) Cosmetics
(iv) Travelling bags
(v) Hand bags

Short Answer Type Questions

Short Answer Type Questions

1. What is marketing? What functions does it play with process of exchange of goods and services? Explain.

Ans: 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.

Short Answer Type Questions

(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.

Short Answer Type Questions

A good design can improve performance of a product and also give it a competitive advantage in the market.

(i) 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.

Short Answer Type Questions

(ii) 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.

(iii) Branding

Brand names help in creating product differentiations i.e., how the product can be distinguished from its competitors.

Short Answer Type Questions

(iv) 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.

(v) 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.

Short Answer Type Questions

(vi) 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 methods: advertising, sales promotion, personal selling and publicity.

(vii) Physical Distribution

The important decision areas under physical distribution include managing inventory, storage, warehousing and transportation of goods from one place to the other.

Short Answer Type Questions

(viii) 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.

(ix) 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.

Short Answer Type Questions

2. Distinguish between production concept of marketing.

Answer Difference between Product and Production Concept

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.

Short Answer Type Questions

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

Ans: 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.

Short Answer Type Questions

4. What are industrial products? How are they different from consumer products? Explain.

Ans: Industrial products are those products, which are used as inputs in providing other products e.g., raw material, engines, tools, lubricants etc.

The difference between consumer products and industrial products is based on their ultimate use and nature of purchases.

Basis	Consumer Product	Industrial Product
Buyer	Consumer is the buyer.	Industrial units and the processors are the buyers.
Motive	It is purchased for personal consumption.	It is bought and used for making other products.
Number of buyers	Number of buyers of consumer products is large.	Number of buyers is limited in case of industrial products.

Short Answer Type Questions

5. Distinguish between convenience product and shopping product.

Answer Difference between Convenience and Shopping Product

Basis	Convenience Product	Shopping Product
Shopping efforts	No or very little efforts are made in purchasing such products.	Considerable time is devoted in purchasing such products.
Cost	These products have low per unit cost.	Unit price of such products is high.
Retail outlets	Number of retailers is large.	Number of retailers is less.
Customer base	There is regular and continuous demand from the same set of customers.	They cater to a large customer base.

Short Answer Type Questions

6. Products is a mixture of tangible and intangible attributes. Discuss.

Ans: In marketing, product is a mixture of tangible and intangible attributes which are capable of being exchanged for a value, with ability to satisfy customer needs. Beside physical objects, include services, ideas, persons and places in the concept of product. Thus, product may be defined as anything that can be offered in a market to satisfy a want or need. It is offered for attention, acquisition, use or consumption.

Short Answer Type Questions

7. Describe the functions of labelling in the marketing of products.

Ans: 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.

Short Answer Type Questions

(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.

Short Answer Type Questions

(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.’

Short Answer Type Questions

8. Discuss the role of intermediaries in the distribution of consumer non-durable products.

Ans: The term channels of distribution refers the facilitate to the movement of goods and services and their title between the point of production and point of consumption, by performing a variety of marketing activities. Following are the functions performed by the channels of distribution

(i) Accumulation

It aims at holding the stock to match between the consumer demand and supply condition, warehousing helps in maintaining continuous flow of goods and services.

Short Answer Type Questions

(ii) Promotion

The marketing channels also help in promoting the demand for the product by displaying demonstrating and participating in various promotional activities organised by the producers.

(iii) Negotiating

The marketing channels are the intermediaries between the producers and the consumers. They attempt to reach final agreement on price and other terms of the offer, so that transfer of ownership is properly affected.

Short Answer Type Questions

(iv) Risk Taking

Risk taking is the basic responsibility of the intermediaries. It may arise out of physical deteriorations, changes in price levels, natural calamities, change in fashion etc. These are unavoidable as they hold sufficiently large and variety of inventories till the sale of stock.

(v) Grading/Sorting

Grading is the process whereby they sort the products on the basis of different sizes, qualities, moisture contents and so on. It helps us realising the time value for the product and at the same time ultimate consumer feels satisfied with the uniform quality of the product.

Short Answer Type Questions

(vi) Packaging

The products are packed in the small tradable lots for the convenience of the consumer.

(vii) Assembling/Assortment

Marketing channels aim at satisfying the needs of the customers. The products desired by the consumer may not be available in the market. They procure such goods from different sources, assemble or assort them as per the requirements of the consumers.

Short Answer Type Questions

9. Explain the factors determining choice of channels of distribution.

Ans: The choice of channels depend 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.

Short Answer Type Questions

(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 lot of funds 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.

Short Answer Type Questions

(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.

Short Answer Type Questions

(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

Short Answer Type Questions

10. Explain briefly the components of physical distribution.

Ans: 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 be 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's decision regarding the level of inventory e.g., degree of accuracy of sales forecast, cost of blocking of the working capital etc.

Short Answer Type Questions

(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

Short Answer Type Questions

11. Define advertising, what are its main features? Explain.

Ans: Advertising is defined as the impersonal form of communication which is paid form by the marketer to promote some goods or services. It is commonly use as the promotional tool of the company. The important features of advertising are as follows

(i) Paid Form Advertising is a paid form of communication which means the sponsor has to bear the cost of communication with the prospects.

Short Answer Type Questions

(ii) Impersonality There is no direct face to face contact between the prospect and advertiser. It is therefore, referred as the impersonal method of promotion.

(iii) Identified Sponsor Advertising is undertaken by some identified individual or company, who makes the advertising efforts and also bears the cost of it.

Short Answer Type Questions

12. Discuss the role of 'Sales Promotion' as an element of promotion mix.

Ans: Sales promotion includes those marketing activities other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as display, shows and exhibitions, demonstrations and various non-current selling efforts not in the ordinary routine. The main objectives of sales promotion activities are

- (i) Creation of demand for the product.**
- (ii) Educating the consumers about new products or new uses of the old product.**
- (iii) Building the brand loyalty for the product among the consumers.**

Long Answer Type Questions

Long Answer Type Questions

1. Define Marketing. How is it different from selling? Discuss.

Ans: 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.

Difference between Selling and Marketing

Basis	Selling	Marketing
Starting point	The selling starts after production has taken place.	It starts even before goods are produced.
Main focus	To sell the product.	To satisfy the consumer.
Means	It is achieved through advertisement personal selling and sales promotion.	It is achieved through integrated marketing.
Ends/Profit maximisation	Profit maximisation is achieved through volume of sales.	Profit maximisation is achieved through customer satisfaction.

Long Answer Type Questions

2. What is the marketing concept? How does it help in the effective marketing of goods and services?

Ans: 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.

Long Answer Type Questions

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.**

Long Answer Type Questions

3. What is marketing mix? What are its main elements? Explain.

Ans: Marketing mix refers to the combination of four basic elements known as four P's — Product, Price, Promotion and Place.

(i) Product Mix

(i) 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.

Long Answer Type Questions

(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.

Long Answer Type Questions

(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.

Long Answer Type Questions

(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.

Long Answer Type Questions

4. How does branding help in creating product differentiation? Does it help in marketing of goods and services? Explain.

Ans: Branding helps a firm in distinguishing its products from that of its competitors. This helps the firm to secure and control the market for its products. If products were sold by generic names, it would be very difficult for the marketers to distinguish their products from its competitors. Thus, most marketers give a name to their product, which helps in identifying and distinguishing their products from their competitors product. This process of giving a name or a sign or a symbol etc to a product is called Branding.

Long Answer Type Questions

5. What are the factors affecting determination of the price of a product or service? Explain.

Ans: 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.

Long Answer Type Questions

(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.

Long Answer Type Questions

(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 protect 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.

Long Answer Type Questions

(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.

Long Answer Type Questions

(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).

Long Answer Type Questions

(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.

Long Answer Type Questions

6. What do you mean by 'Channels of distribution'? What functions do they play in the distribution of goods and services? Explain.

Ans: People, institutions, merchants and functionaries, who take part in the distribution of goods and services are called 'Channels of Distribution'.

Channels of distribution are set of firms and individuals that take title or assist in transferring title, to particular goods or services as it moves from the producers to the consumers.

Channels of distribution smoothen the flow of goods by creating possession, place and time utilities.

Long Answer Type Questions

They facilitate movement of goods by overcoming various barriers. The important functions performed by middlemen are

(i) Sorting Middlemen procure supplies of goods from a variety of sources, which is often not of the same quality, nature and size. These goods are sorted into homogeneous groups on the basis of the size or quality.

(ii) Accumulation This function involves accumulation of goods into larger homogeneous stock, which helps in maintaining continuous flow of supply.

Long Answer Type Questions

(iii) Allocation Allocation involves breaking homogeneous stock into smaller, marketable lots to sell them to different types of buyers.

(iv) Assorting Middlemen build assortment of products for resale. There is usually a difference between the product lines made by manufacturers and the assortment or combinations desired by the users. Middlemen produce variety of goods from different sources and delivers them in combinations, desired by customers.

Long Answer Type Questions

(v) Product Promotion Middlemen also participate in some sales promotion activities, such as demonstration, special display, contests etc. to increase the sale of products.

(vi) Negotiation Channels operate with manufacturers on the one hand and customer on the other. They negotiate the price, quality, guarantee and other related matters with customers, so that transfer of ownership is properly affected.

Long Answer Type Questions

(vii) Risk Taking In the process of distribution of goods, the merchant middlemen take title of the goods and thereby assume risks on account of price and demand fluctuations, spoilage, destinations etc.

Long Answer Type Questions

7. Explain the major activities involved in the physical distribution of products.

Ans: Physical distribution covers all the activities required to physically move goods from manufacturer to the customers. Important activities involved in the physical distribution include transportation, warehousing, material handling and inventory control.

Long Answer Type Questions

(i) Order Processing

In a typical buyer-seller relationship order placement is the first step. Products flow from the manufacturers to customers via channel members while orders flow from customers to manufacturers. Therefore, a good speedy and accurate system of order processing becomes a necessity.

(ii) Transportation

Transportation is the means of carrying goods and raw materials from the point of production to the point of sale. It is one of the major element in the physical distribution of goods. It is important because unless the good are physically made available, the sale can not be completed.

Long Answer Type Questions

(iii) Warehousing

Warehousing refers to the act of storing and assorting products in order to create time utility in them. The basic purpose of warehousing activities is to arrange placement of goods and provide facilities to store them. The need for warehousing arises because there may be difference between the time, a product is produced and the time it is required for consumption. Generally, the efficiency of a firm in serving its customers will depend on, where these warehouses are located and where are these to be delivered.

Long Answer Type Questions

(iv) Inventory Control

A very important decision in respect of inventory is deciding about the level of inventory. Higher the level of inventory, higher will be the level of service to customers but the cost of carrying the inventory will also be high because lot of capital would be tied up in the stock. The decision regarding level of inventory involves prediction about the demand for the product. A correct estimate of the demand helps to hold inventory and cost level down to a minimum. The major factors determining inventory levels include.

Long Answer Type Questions

- (a) Firm's policy regarding the level of customer service. Higher the level of service, greater will be the need to keep more inventories.**
- (b) Degree of accuracy of the sales forecast. In case more accurate estimates are available, the need for keeping very high level of inventory can be minimised.**
- (c) Responsiveness of the distribution system i.e., ability of the system to transmit inventory needs back to the factory and get products to the market.**
- (d) Cost of inventory, which includes holding cost, such as cost of warehousing, tied up capital etc and the manufacturing cost**

Long Answer Type Questions

8. 'Expenditure on advertising is a social waste' Do you agree? Discuss.

Ans: 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.

Long Answer Type Questions

(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.

Long Answer Type Questions

(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 true.

Advertisement in fact helps buyer by informing them about the new products which may be improvement over the existing products.

Long Answer Type Questions

(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.

Long Answer Type Questions

(iv) Encourages Sale of Inferior Product

Advertising does not distinguish between superior and inferior products and persuade people to purchase even the inferior 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.

Long Answer Type Questions

9. Distinguish between advertising and personal selling.

Answer Difference between Advertising and Personal Selling

Basis	Advertising	Personal Selling
Nature	Advertising is indirect and impersonal communication.	Personal selling is direct face to face communication.
Coverage	It is a means of mass coverage.	Only limited people can be contacted at a time.
Medium	It involves use of oral, written + visual messages.	It is dependent on oral messages.
Cost	It is economical method.	It is costly.
Feedback	It lacks direct feedback.	It facilitates direct, immediate feedback.
Suitable	It is suitable for all types of products.	It is more suitable for product in the introductory stages of product life cycle.