

Chapter 8: Marketing

EXERCISE 1 [PAGES 3 - 167]

Exercise 1 | Q 1.1 | Page 165

Select the correct option and rewrite the statement.

The term market is derived from the _____ word 'Mercatus'

1. French
2. **Latin**
3. Italian

SOLUTION

The term market is derived from Latin the word 'mercatus'

Exercise 1 | Q 1.2 | Page 165

Select the correct option and rewrite the statement.

In the _____ concept of market, the emphasis is given on 'buying and selling of goods or services'.

1. Place
2. **Exchange**
3. Customer

SOLUTION

In the Exchange concept of market, the emphasis is given on 'buying and selling of goods or services'.

Exercise 1 | Q 1.3 | Page 165

Select the correct option and rewrite the statement.

Perishable goods such as vegetables, fruits, milk products, etc. are sold in Market

1. **Very Short Period**
2. Short Period
3. Long Period

SOLUTION

Perishable goods such as vegetables, fruits, milk products, etc. are sold in the Market - Very Short Period

Exercise 1 | Q 1.4 | Page 165

Select the correct option and rewrite the statement.

The retail market is the market where the retailer sells goods directly to the _____ in small quantities.

1. Producer
2. Wholesaler
3. **Consumer**

SOLUTION

The retail market is the market where the retailer sells goods directly to the **Consumer** in small quantities.

Exercise 1 | Q 2 | Page 165

Match the pair

Group A	Group B
Market	Single Seller
Registered brands	Stock Market
Monopoly	Distinct Name
Branding	Mercatus
Digital Marketing	Single Buyer
	ISI
	Trademark
	Use of traditional media
	Multiple sellers
	Use of digital media

SOLUTION

Group A	Group B
Market	Mercatus
Registered brands	Trademark
Monopoly	Single seller
Branding	Distinct Name
Digital Marketing	Use of digital media

Exercise 1 | Q 3.1 | Page 165

Write a word/term/phrase for the following sentence.

The market for the commodities which are produced in one country and sold in another countries.

SOLUTION

The market for the commodities which are produced in one country and sold in another countries. - **International Markets**

Exercise 1 | Q 3.2 | Page 165

Write a word/term/phrase for the following sentence.

Type of market where durable commodities that are generally non-perishable in nature are sold.

SOLUTION

Type of market where durable commodities that are generally non-perishable in nature are sold. - **Long-period market**

Exercise 1 | Q 3.3 | Page 165

Write a word/term/phrase for the following sentence.

The market where goods are sold to the ultimate consumers or the users of the product.

SOLUTION

The market where goods are sold to the ultimate consumers or the users of the product. - **Retail Market**

Exercise 1 | Q 3.4 | Page 165

Write a word/term/phrase for the following sentence.

Two sellers, selling either a homogeneous product or a differentiated product.

SOLUTION

Two sellers, selling either a homogeneous product or a differentiated product. - **Duopoly**

Exercise 1 | Q 3.5 | Page 165

Write a word/term/phrase for the following sentence.

Giving of distinct name to one's product.

SOLUTION

Giving of distinct name to one's product. - **Branding**

Exercise 1 | Q 4.1 | Page 166

State whether the following statement is true or false.

The term market is derived from the Latin word 'Mercatus'.

1. **True**
2. False

SOLUTION

The term market is derived from the Latin word 'Mercatus' - **True**

Exercise 1 | Q 4.2 | Page 166

State whether the following statement is true or false.

The market may be defined as aggregate demand by potential buyers for a product or service.

1. True
2. False

SOLUTION

The market may be defined as aggregate demand by potential buyers for a product or service - **True**

Exercise 1 | Q 4.3 | Page 166

State whether the following statement is true or false.

The market for the commodities which are produced in one country and sold in other countries is known as the national market.

1. True
2. False

SOLUTION

The market for the commodities which are produced in one country and sold in another country is known as the national market - **False**

Exercise 1 | Q 4.4 | Page 166

State whether the following statement is true or false.

In the wholesale market, sellers are known as retailers and buyers are known as a wholesaler.

1. True
2. False

SOLUTION

In the wholesale market, sellers are known as retailers, and buyers are known as wholesaler - **False**

Exercise 1 | Q 4.5 | Page 166

State whether the following statement is true or false.

Regulated Market operates according to forces of demand and supply.

1. True
2. False

SOLUTION

Regulated Market operates according to forces of demand and supply - **False**

Exercise 1 | Q 5.1 | Page 166

Find the odd one.

1. Primary Market
2. Secondary Market
3. Retail Market
4. Terminal Market

SOLUTION

Primary Market, Secondary Market, Retail Market, Terminal Market - **Retail Market**

Exercise 1 | Q 5.2 | Page 166

Find the odd one.

1. Stock Exchange
2. Foreign Exchange
3. Bullion Market
4. **Manufactured Goods Market**

SOLUTION

Stock Exchange, Foreign Exchange, Bullion Market, Manufactured Goods Market- **Manufacture goods market**

Exercise 1 | Q 5.3 | Page 3

Find the odd one.

1. Price
2. **People**
3. Promotion
4. Product

SOLUTION

Price, People, Promotion, Product - **People**

Exercise 1 | Q 5.4 | Page 166

Find the odd one.

1. People
2. **Promotion**
3. Physical Evidence
4. Process

SOLUTION

People, Promotion, Physical Evidence, Process- **Promotion**

Exercise 1 | Q 6.1 | Page 166

Complete the sentence.

_____ is the place where transaction of buying and selling of goods and services take place in exchange for money or money's worth.

SOLUTION

Market is the place where transaction of buying and selling of goods and services take place in exchange for money or money's worth.

Exercise 1 | Q 6.2 | Page 166

Complete the sentence.

_____ refers to a market situation when there is a single buyer of a commodity or service.

SOLUTION

Monopoly refers to a market situation when there is a single buyer of a commodity or service.

Exercise 1 | Q 6.3 | Page 166

Complete the sentence.

_____ is a slip which is found on the product and provides all the information regarding the product and its producer.

SOLUTION

Label is a slip which is found on the product and provides all the information regarding the product and its producer.

Exercise 1 | Q 7 | Page 166

Select the correct option and complete the table.

(Mercatus, Industrial goods, Oligopoly, E. Jerome McCarthy, Booms & Bitner)

Group 'A'	Group 'B'
1. Commodity Market	_____
2. _____	A few sellers
3. _____	To trade merchandise
4. 4Ps	_____
5. _____	3Ps

SOLUTION

Group 'A'	Group 'B'
1. Commodity Market	<u>Industrial Goods</u>
2. <u>Oligopoly</u>	A few sellers
3. <u>Mercatus</u>	To trade Merchandise

4. 4Ps	<u>E. Jerome McCarthy</u>
5. <u>Booms & Bitner</u>	3Ps

Exercise 1 | Q 8.1 | Page 166

Answer in one sentence.

What do you mean by 'Local Market'?

SOLUTION

The market for the commodities which are sold within local geographical limits of a region is known as a local market.

Exercise 1 | Q 8.2 | Page 166

Answer in one sentence.

What do you mean by 'Regulated Market'?

SOLUTION

The regulated market refers to the markets regulated by statutory provisions of the country. For example, Commodity Exchanges, Stock Exchanges, Foreign Exchanges.

Exercise 1 | Q 8.3 | Page 166

Answer in one sentence.

Define Market.

SOLUTION 1

In simple words market is the place where two or more parties are involved in buying and selling. These two parties involved in the transactions are called buyers and sellers.

SOLUTION 2

The term market is derived from the Latin word 'Mercatus', which means 'to trade', 'to trade merchandise' or 'a place where the business is transacted'. In simple words market is the place where two or more parties are involved in buying and selling. These two parties involved in the transactions are called buyers and sellers. The transaction of buying and selling takes place with the exchange of money.

Exercise 1 | Q 8.4 | Page 166

Answer in one sentence.

What do you mean by standardization?

SOLUTION

Standardization means to determine standards related to process, size, quality, design, weight, color, etc. of the product. It helps in ensuring uniformity in the quality of the product. It helps in achieving customers' loyalty towards the product.

Exercise 1 | Q 8.5 | Page 166

Answer in one sentence.

What do you mean by Branding?

SOLUTION

Branding is a process of giving special identity to a product through a unique brand name to differentiate it from competitor's products.

Exercise 1 | Q 9.1 | Page 166

Correct the underlined word and rewrite the following sentence.

Commodity Market refers to the market for borrowing and lending long term capital required by the business.

SOLUTION

Capital market refers to the market for borrowing and lending long term capital required by the business.

Exercise 1 | Q 9.2 | Page 167

Correct the underlined word and rewrite the following sentence.

In a duopoly, there is a single seller.

SOLUTION

In Monopoly there is a single seller.

Exercise 1 | Q 9.3 | Page 167

Correct the underlined word and rewrite the following sentence.

Pricing bridges the time gap between the production and sale of goods.

SOLUTION

Warehousing bridges the time gap between the production and sale of goods.

Exercise 1 | Q 9.4 | Page 167

Correct the underlined word and rewrite the following sentence

Branding is the process of classification of products according to similar characteristics and/ or quality.

SOLUTION

Grading is the process of classification of products according to similar characteristics and/ or quality.

Exercise 1 | Q 9.5 | Page 167

Correct the underlined word and rewrite the following sentence.

Grading helps in avoiding breakage, damage and destruction of the product.

SOLUTION

Packaging helps in avoiding breakage, damage and destruction of the product.

Exercise 1 | Q 10.1 | Page 167

Arrange in proper order

Local market, international market, national market.

SOLUTION

Local market, national market, international market

Exercise 1 | Q 10.2 | Page 166

Arrange in proper order

Grading, Market Planning, Distribution.

SOLUTION

Market Planning, grading, distribution

EXERCISE 2 [PAGE 167]

Exercise 2 | Q 1 | Page 167

Answer in one sentence.

Define Market.

SOLUTION 1

In simple words market is the place where two or more parties are involved in buying and selling. These two parties involved in the transactions are called buyers and sellers.

SOLUTION 2

The term market is derived from the Latin word 'Mercatus', which means 'to trade', 'to trade merchandise' or 'a place where the business is transacted'. In simple words market is the place where two or more parties are involved in buying and selling. These two parties involved in the transactions are called buyers and sellers. The transaction of buying and selling takes place with the exchange of money.

Exercise 2 | Q 2 | Page 167

Explain the following term/concept.

Place Concept of Market

SOLUTION

The term market is commonly understood as the place where the transaction of buying and selling of goods and services takes place in exchange for money or money's worth. It is the place where buyers, sellers, and other intermediaries come together and exchange goods or services. In the olden days, place played an important role in

defining the market. But in the age of information technology, the term 'market' has a wider meaning than just a place.

Exercise 2 | Q 3 | Page 167

Explain the following term/concept.

Commodity Concept of Market

SOLUTION

In the commodity concept of the market, the emphasis is given on 'buying and selling of goods or services'. In this concept, the process of buying and selling of goods or services is important and not the place of exchange. In this process, buyer and seller as well as the commodity exchanged among them play an important role.

Exercise 2 | Q 4 | Page 167

Explain the following term/concept.

Digital Concept of Market

SOLUTION

The emergence of Information Technology gave birth to the new concept of the market called Space or Digital Concept. The communication media like telephone, mobile, computer, Internet, etc. have made direct contact between customer and seller. Digital Market can be defined as a "Market which uses Information Technology for buying and selling of the products or services and facilitate communication of quality, features, price, and terms of exchange among them"

Exercise 2 | Q 5 | Page 167

Explain the following term/concept

Product

SOLUTION

Product refers to the goods or services that are offered to the customers for sale and are capable of satisfying the need of the customer. The product can be intangible or tangible, as it can be in the form of services or goods. The business needs to decide the right type of product through extensive market research. The success of the business depends on the impact of the product in the minds of the customer.

Exercise 2 | Q 6 | Page 167

Explain the following term/concept.

Price

SOLUTION

The price of the product is basically the amount that a customer pays for the product. Price plays an important role in creating demand for the product. The business needs to take the utmost care to decide the price of the product. The cost of the product and willingness of the customer to pay for the product plays an important role in pricing the product. The too-high prices may affect the demand for the product and pricing too low

may affect the profitability of the business. While deciding the prices, the value and utility of the product to its customers are to be considered.

Exercise 2 | Q 7 | Page 167

Explain the following term/concept.

Promotion

SOLUTION

Promotion is a tool of marketing communication that helps to publicize the product to the customer. It helps to convey product features to the potential buyer and inducing them to buy it. The promotion mix includes tools such as advertising, direct marketing, sales promotion, personal selling, etc. A combination of promotional strategies depends on budget, the message business wants to communicate, and the target market.

Exercise 2 | Q 8 | Page 167

Explain the following term/concept.

Marketing Mix

SOLUTION

Marketing Mix is the combination of different marketing variables that the firm blends and controls to achieve the desired result from the target market. In simple words, the marketing mix is putting the right product, at the right time, at the right price in the right place. It is one of the important tools of marketing. The 4P's of the marketing mix was introduced by E. Jerome McCarthy in 1960. It was further extended by Booms & Bitner in 1981 by adding 3 new elements to the 4 Ps Principle.

Exercise 2 | Q 9 | Page 167

Explain the following term/concept.

Packaging

SOLUTION

Packaging means designing the package for the product. It helps to avoid breakage, damage, and destruction of the product. Packing material includes bottles, containers, plastic bags, tin, wooden boxes, jute bags, bubble bags, packing foam, etc.

Exercise 2 | Q 10 | Page 167

Explain the following term/concept.

Labeling

SOLUTION

A label is a slip which is found on the product and provides all the information regarding the product and its producer. The slip on which all this information is provided is called a label and its process is called labeling. Packaging and labeling not only provide protection to the product but also act as an effective tool for marketing.

EXERCISE 3 [PAGE 167]

Exercise 3 | Q 1 | Page 167

Study the following case/situation and express your opinion

Mr. X purchases goods from the nearest shop. Mr. Y purchases mobiles from Tokyo.

Mr. Z of Nandurbar purchases electronic goods from Delhi.

- i) From which type of market does Mr.X purchase?
- ii) Name the type of market from where Mr.Y deals?
- iii) State the type of market from where Mr.Z purchases goods?

SOLUTION

- i. Mr. X purchases goods from the local market.
- ii. Mr. Y purchase mobiles from Tokyo (a foreign market) and hence he deals in the International market.
- iii. Mr. Z of Nandurbar purchases electronic goods from Delhi, i.e. from the National market.

Exercise 3 | Q 2 | Page 167

Study the following case/situation and express your opinion.

Mr. X deals in import and export business so he needs different foreign currencies. For the expansion of his business, he borrows money from the bank. He invests his funds in the equity shares.

- i) Name the market from where does Mr.X borrow money?
- ii) Name the market where does Mr. X invests his funds?
- iii) Which type of currency is required for the international market?

SOLUTION

- i. Mr. X borrows money from the capital market.
- ii. Mr. X invests his funds in the regulated market.
- iii. The different foreign currency is required by Mr. X for the international market.

EXERCISE 4 [PAGE 167]

Exercise 4 | Q 1 | Page 167

Answer in Brief

Explain in detail the significance of marketing to society.

SOLUTION

The significance of marketing to society are explained as follows:

1. Increase in Standard of Living:

The prime objective of marketing is to provide goods and services to customers to satisfy their needs. Paul Mazur defined marketing as, "The delivery of standard of living to the society". Marketing helps to identify the needs of the customers and take an initiative to provide quality goods at cheaper prices.

2. Provides Employment:

Modern marketing is a total system that covers almost all functions of an organization such as buying, selling, financing, transport, warehousing, risk-bearing, research, and development, etc. To run this system there is a need for people. Thus, marketing gives job opportunities to people.

3. Decreases Distribution Costs:

Marketing activities help to provide cheap goods and services to society. Effective utilization of channels of distribution can help in reducing the cost prices of the products and services. The reduction of cost will help to increase the potential consumers for the products or services. It also assures the timely availability of the product.

4. Consumer Awareness:

Marketing helps society by informing and educating consumers. The function of marketing is to fulfill the needs of consumers. Marketing helps consumers to know about new products and services available in the market and its usefulness to the customer.

5. Increase in National Income:

Every economy revolves around marketing, production, and finance to the industry. The scientifically organized marketing activities help in the economic development of the country. Effective marketing of products and services result in industrialization, more job and makes the economy stronger and stable. Marketing can bring about the rapid development of the country through the integration of agriculture and industry.

6. Managing Consumer Expectations:

Marketing research helps organizations to understand the needs of the consumers. It helps in developing the products which fulfill customer's expectations. Customers' reviews collected through different sources can help the organizations to make necessary changes in the products.

Exercise 4 | Q 2 | Page 167

Answer in Brief

Explain the 4Ps of the product marketing mix.

SOLUTION

1. Product:

Product refers to the goods or services that are offered to the customers for sale and are capable of satisfying the need of the customer. The product can be intangible or tangible, as it can be in the form of services or goods. The business needs to decide the right type of product through extensive market research. The success of the business depends on the impact of the product in the minds of the customer.

2. Price:

The price of the product is basically the amount that a customer pays for the product. Price plays an important role in creating demand for the product. The business needs to take the utmost care to decide the price of the product. The cost of the product and willingness of the customer to pay for the product plays an important role in pricing the product. The too-high prices may affect the demand for the product and pricing too low may affect the profitability of the business. While deciding the prices, the value and utility of the product to its customers are to be considered.

3. Place:

The place is also known as a distribution channel. Placement or distribution is a very important part of marketing. Making the right product at the right price is not enough. A businessman needs to make the product available to potential customers in the right place too. Business needs to distribute the product in a place that is accessible to potential buyers. It covers location, distribution, and ways of delivering the product to the customer. Better the chain of distribution higher the coverage of the product in the market.

4. Promotion:

Promotion is an important element of marketing as it creates brand recognition and sales. Promotion is a tool of marketing communication that helps to publicize the product to the customer. It helps to convey product features to the potential buyer and inducing them to buy it. The promotion mix includes tools such as advertising, direct marketing, sales promotion, personal selling, etc. A combination of promotional strategies depends on budget, the message business wants to communicate, and the target market.

Exercise 4 | Q 3 | Page 167

Answer in Brief

Explain 3Ps in the marketing of services.

SOLUTION

3Ps in the marketing of service are as follows:

1) People:

People inside and outside of the business have directly or indirectly influenced the business. People comprise of all the human beings that play an active role in offering the product or service to the customer. The people include employees who help to deliver services to the customer. The right people in the right place add value to the business. For the success of the business, it is necessary to recruit the right people, train them, develop their skills, and retain them.

2) Process:

Process refers to the steps involved in delivering products and services to the customer. Processes are important to deliver a quality service. A good process helps to ensure the same standard of service to the customer as well as save time and money by increasing efficiency. The advancement of technology helps businesses in effective monitoring of the process of the business and take corrective action wherever is necessary.

3) Physical Environment:

Physical Environment refers to the marketing environment wherein the interaction between customer and firm takes place. Since services are intangible in nature service providers try to incorporate certain tangible elements into their offering to enhance the customer experience. In the service market, physical evidence is important to ensure that the service is successfully delivered. Through physical evidence, customers know the brand leaders in the market. Physical evidence affects the customer's satisfaction. It includes location, layout, interior design, packaging, branding, the dress of the staff, and how they act, waiting area, etc.

Exercise 4 | Q 4 | Page 167

Answer in Brief

Explain types of the market on the basis of the area covered.

SOLUTION

Types of the market on the basis of the area covered are as follows:

1. **local Market:** The market for the commodities which are sold within local geographical limits of a region is known as a local market.
2. **National Market:** The market for the commodities which are sold within the country is known as the national market.
3. **International Market:** The market for the commodities which are produced in one country and sold in other countries is known as the international market.

Exercise 4 | Q 5 | Page 167

Answer in Brief

Explain types of the market on the basis of time.

SOLUTION

Types of the market on the basis of time are as follows:

1. **Very Short Period Market:** This type of market has a very short time existence viz., for a few hours or for a day at a particular time and place. In this type of market perishable goods such as vegetables, fruits, milk products, etc. are sold.
2. **Short Period Market:** This type of market has existed for a short period viz. weekly markets, festival market, market during fairs, etc. Perishable or semi-durable goods are sold in this market.
3. **Long Period Market:** This type of market has existed for long period. In this type of market durable commodities that are generally non-perishable in nature are sold.

EXERCISE 5 [PAGE 167]

Exercise 5 | Q 1 | Page 167

Justify the following statement.

Marketing is significant to consumers.

SOLUTION

Marketing is significant to consumers because of the following reasons:

1. **Promotes Product Awareness:**
Through different marketing activities, companies promote their products and services. This helps consumers to know about different products and services available in the market.
2. **Provides Quality Products**
There is increasing competition in the market. It creates moral pressure on the businesses to provide quality goods to the consumers.
3. **Provides Variety of Products**
Marketing creates awareness among the consumers about the product. At the same time, it attracts the consumers to buy the same.
4. **Helps in Selection:** Marketing helps the consumer to choose the best products and services from the different options available.
5. **Consumer Satisfaction:** Marketing leads to consumer satisfaction through honest advertising, assurance of quality products, and availability of innovative products. Thus, marketing takes every effort to satisfy the consumer.

6. A regular supply of goods:

Through efficient distribution channels of marketing regular supply of goods is possible. It helps to maintain the balance between demand and supply. It results in stable prices.

Exercise 5 | Q 2 | Page 167

Justify the following statement.

Promotion plays an important role in marketing.

SOLUTION

1. Promotion means any type of marketing communication used by business enterprises to inform and persuade potential buyers to buy the products or services. In promotion merits of products, services, brand benefits, etc. are explained to the potential buyers to attract them towards the products. The promotion mix comprises of different tools such as advertising, sales, promotion, direct marketing, personal selling, publicity, etc.
2. Business enterprises make use of a combination of all or some of these five methods for the promotion of their products and services as per the need of the business. Promotional activities help the organization to increase brand awareness in the market. In brief, promotion is concerned with informing the customers about the products of the firm and persuading them to buy the products.
3. Promotional strategy to be used in the organization depends on the various factors such as budget, the message it wants to communicate, and the target market. Promotion is an important element of marketing that creates brand recognition and ultimately increase sales.
4. Business enterprises through promotion attract consumers to buy and taste the products. The promotion mix to be used will depend upon the nature of the product, type of customers, stage of demand, degree of competition, etc. Promotion help business organizations to enhance sales. Increase in sales, increase profit for the organization. If the increased profit and income is reinvested in the business, it will earn more and more profits in the future.

Promotion helps the organization to create awareness about existing products, new arrivals, and the company selling certain products in the market. It creates a brand image among buyers. Business organizations also use the promotion to build customers' layout base. This in turn expands sales and profits.

Exercise 5 | Q 3 | Page 167

Justify the following statement.

The market can be classified on the basis of competition.

SOLUTION

The market is classified on the basis of competition as follows:

1. Perfect market:

A type of market in which large numbers of buyers and large numbers of sellers exist to buy and sell the homogeneous products at the prevailing market price is called a perfect market. In this market, all buyers and all sellers have equal access to all information and have perfect knowledge about the market conditions. Neither a single buyer nor a single seller can influence the price. One uniform single price prevails in the market. This model of a perfect market is frequently used in economic analysis.

2. Imperfect market:

A type of market which has distinct features of market imperfection such as a single seller, imperfect knowledge of market conditions on the part of buyers or sellers, failure to make adjustment in demand and supply, etc. is called an imperfect market, e.g. monopoly market.

The imperfect market is further sub-divided into the following categories :

- i. **Monopoly:** The word monopoly is the combination of two words, viz. 'mono' means one and 'poly' means the seller. Accordingly, a market structure that is characterized by a single seller selling a unique product in the market is called a monopoly. In a monopoly, the seller faces no competition as he is the sole seller of goods with no close substitute. He controls the entire supply and enjoys the power of setting the price for his goods. He is a price maker.
- ii. **Duopoly:** A market situation in which two suppliers dominate the entire market for a commodity or service. In this market, there are two sellers, who either sell a homogeneous product or differentiated product. They enjoy a monopoly in the product produced and sold by them.
- iii. **Oligopoly:** Oligopoly is a state of limited competition in which the market is shared by a limited number (few) of producers or sellers producing and selling either a homogeneous product or a differentiated product.
- iv. **Monopsony:** The market situation in which there is only one buyer substantially controls the market as the major and single purchaser of goods and services offered by many producers or sellers, is called a monopsony market, e.g. labor market, a firm is the sole purchaser of a certain kind of labor.

Exercise 5 | Q 4 | Page 167

Justify the following statement.

Marketing helps in increasing consumer awareness.

SOLUTION

1. Many companies undertake different marketing activities to promote their products and services. Marketing makes consumers aware of the different products, brands, features, and usefulness of the products and services available in the market. Marketing facilitates consumers to make the right decisions on the purchases of the right products and services.
2. Marketing helps society by educating consumers and by giving information about new products and services available in the market and their usefulness. Marketing identifies and satisfies the requirements of consumers by providing relevant information, goods, and services to the people as per their demand and preferences. Marketing provides information to consumers to make the right decisions.
3. On the basis of marketing information, consumers can compare products' features, availability, price, and other essentials and chooses the right products at the right price. Marketing also helps to improve the quality of life of the consumers. Marketing helps to create awareness about the existing products, new products entering the market, and the company selling specific products in the market. This in turn helps to raise awareness among the potential and prospective consumers. Marketing also creates a brand image among consumers.
4. The business organizations use marketing to create awareness among the consumers regarding major changes such as mergers and transfer of ownership that influence product offerings or ways to improve quality. Thus, marketing creates awareness among the consumers about the products available in the market and attracts the customers to buy the same.

Exercise 5 | Q 5 | Page 167

Justify the following statement.

There is a need for branding to get recognition among consumers.

SOLUTION

1. A name, design, term, symbol, sign, numeral, or combination of them given to the product to identify the goods or services of the one manufacturer and to differentiate them from those of competitors, is called a brand. Branding, therefore means, giving a distinctive identity to a product. Bata, Surf, Coca-Cola, 501 soap, 50-50, etc. are some of the well-known brands. A registered brand is called a trademark. Trademark cannot be copied by other firms. Branding is done mostly for manufactured goods.

2. Brands are very effective for wide publicity.

It helps to sample. Effectively established brands increase the value of the business in the industry. A good brand expands the business and create a positive impact on the business and the customers. The customers attracted to the products are assured dependability and loyalty by using branded products. Strong branding helps to generate new customers and maintain existing and regular customers.

3. Branding helps the products and producers to get recognition among the consumers. Branding facilitates advertising and price control. Branded goods enjoy a wider market as the necessity or personal inspection or sample is avoided. By registering his brand, a businessman can protect his products from imitation.
4. Branding helps to get new business and increase brand awareness in the market. It creates trust in the mind of consumers, potential consumers, and people. The consumers prefer to do business with a company that has a professional brand name in the market.

EXERCISE 6 [PAGE 168]

Exercise 6 | Q 1 | Page 168

Attempt the following.

Give classification of the market in detail on the basis of 'Volume of Transaction'

SOLUTION

Classification of Market On the Basis of Volume of Transaction is as follows:

1. **Wholesale Market :**

In the wholesale market, the activity of buying and selling goods is undertaken in large quantities at cheaper prices. Goods are sold to retailers who then sell them to the consumers. It refers to the market for bulk purchase and sale of goods. In such a market seller are known as wholesalers and buyers are known as retailers.

2. **Retail Market :**

The retail market is the market where the retailer sells goods directly to the consumer in small quantities.

Exercise 6 | Q 2 | Page 168

Attempt the following.

Give classification of the market on the basis of 'Time'

SOLUTION

Classification of Market On the Basis of Time is as follows:

1. **Very Short Period Market:** This type of market has a very short time existence viz., for a few hours or for a day at a particular time and place. In this type of market perishable goods such as vegetables, fruits, milk products, etc. are sold.
2. **Short Period Market:** This type of market has existed for a short period viz. weekly markets, festival market, market during fairs, etc. Perishable or semi-durable goods are sold in this market.
3. **Long Period Market:** This type of market has existed for long period. In this type of market durable commodities that are generally non-perishable in nature are sold.

Exercise 6 | Q 3.1 | Page 168

Attempt the following.

Explain packaging.

SOLUTION

Package and Label create the first impression on the consumer about the product. Attractive packages and labels can help to make the product successful. Packaging means designing the package for the product. It helps to avoid breakage, damage, and destruction of the product. Packing material includes bottles, containers, plastic bags, tin, wooden boxes, jute bags, bubble bags, packing foam, etc.

Exercise 6 | Q 3.2 | Page 168

Attempt the following.

Explain labeling.

SOLUTION

A label is a slip which is found on the product and provides all the information regarding the product and its producer. The slip on which all this information is provided is called a label and its process is called labeling. Packaging and labeling not only provide protection to the product but also act as an effective tool for marketing.

Exercise 6 | Q 4.1 | Page 168

Attempt the following.

Explain standardization.

SOLUTION

Standardization means to determine standards related to process, size, quality, design, weight, color, etc. of the product. It helps in ensuring uniformity in the quality of the product. It helps in achieving customers' loyalty towards the product.

Exercise 6 | Q 4.2 | Page 168

Attempt the following.

Explain grading.

SOLUTION

Grading is the process of classification of products according to similar characteristics and/or quality. Grading is done on the basis of their features like size, shape quality, etc. Generally grading is done in the case of agricultural products like wheat, rice, potatoes, etc.

Exercise 6 | Q 5 | Page 168

Attempt the following.

Explain the importance of marketing to the firm.

SOLUTION

The importance of Marketing to the Firm are as follows:

1. Increases Awareness:

Marketing helps in creating awareness about the existing products, new arrivals as well as the company which sells a particular product in the market. This raises awareness among potential consumers. It creates a brand image among consumers.

2. Increases Sales:

Once marketing creates awareness about the products or services among the consumers, it attracts them to purchase the same. A successful marketing campaign helps to increase the sales of the organization. An increase in sales generates profit for the organization. This income and profit are reinvested in the business to earn more profits in the future. In modern business, the survival of the organization depends on the effectiveness of the marketing function.

3. Creates Trust:

People want to buy from a business that has a trustworthy reputation. Creating trust among the customers is a time-consuming process. Creating trust among the consumers helps the business to earn loyal customers. Once your business can establish this trust with your clients, it creates customer loyalty. Happy customers enhance the brand image in the market.

4. The basis for Making Decisions:

From the inception of an idea to delivering the final product to the customer, the businessman has to make several decisions. The businessman has to look after

many problems such as what, how, when. How much and for whom to produce? As the scale of operation increases, these decisions become more complex. Marketing helps to make the right decision at right time.

5. Source of New Ideas:

Marketing helps businesses to understand the needs of the consumers. Feedbacks from the consumers help in the improvement of the existing products. There is a rapid change in the tastes and preferences of people. Marketing helps in understanding these changes. It helps to understand the new demand pattern that emerged in the market. Research and Development department develop products accordingly.

6. Tackling the Competition*

There is increasing competition in almost all sectors of the economy. It is difficult for any business to create a monopoly for its products and services. The role of marketing is important to create a brand image in the minds of potential customers. Marketing not only helps to communicate the products and services to the consumers but also motivates them to buy the same.

EXERCISE 7 [PAGE 168]

Exercise 7 | Q 1.1 | Page 168

Answer the following.

Define Marketing.

SOLUTION

According to American Marketing Association, "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Exercise 7 | Q 1.2 | Page 168

Answer the following.

Explain in detail the concepts of marketing.

SOLUTION

There are many concepts associated with the word 'market' and according to the concept, different definitions of the term market are given below:

1. Place concept of Market:

The term market is commonly understood as the place where the transaction of buying and selling of goods and services takes place in exchange for money or money's worth. It is the place where buyers, sellers, and other intermediaries come together and exchange goods or services. In the olden days, place played an important role in defining the market. But in the age of information technology, the term 'market' has a wider meaning than just a place.

2. Commodity Concept of Market

In the commodity concept of the market, the emphasis is given on 'buying and selling of goods or services'. In this concept, the process of buying and selling of goods or services is important and not the place of exchange. In this process, buyer and seller as well as the commodity exchanged among them play an important role.

3. Exchange concept of Market

The exchange concept of the market has given the emphasis on the exchange of goods or services between buyer and seller with free consent as well as mutual trust. There should not be any Fraud or Misrepresentation or Coercion or undue influence during the exchange. The exchange should be voluntary between buyer and seller.

4. Area concept of Market

The area concept of the market is related to the exchange concept. This concept gives emphasis on free association between buyers and sellers to fix the price of goods for buying and selling. The price fixed between buyer and seller implies in a certain area only. In this concept, it is not necessary for the buyer and sellers to meet in person. For fixing the price buyers and sellers can regularly take the help of different modern communication media and exchange goods or services.

5. Demand or Customer concept of Market

The customer is the king of the market. One of the important perspectives of the market is to assess the need or demands of the customer. The market can be studied from the perspective of demand or customer. According to this concept, the aggregate demand by potential buyers for any product in the market.

6. Space or Digital concept of Market

The emergence of Information Technology gave birth to the new concept of the market called Space or Digital Concept. New and sophisticated E-Commerce Portals and Mobile Applications make buying and selling easy and convenient for buyers as well as sellers. The communication media like telephone, mobile, computer, Internet, etc. have made direct contact between customer and seller.

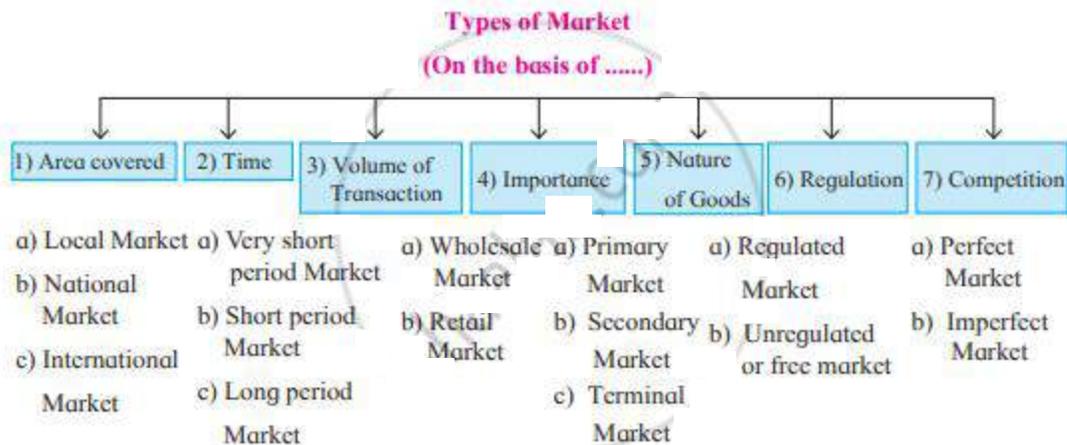
Exercise 7 | Q 2 | Page 168

Answer the following.

Explain different types of markets in detail.

SOLUTION

Markets can be broadly classified into the following categories.



1. On the Basis of Area Covered

a) Local Market: The market for the commodities which are sold within local geographical limits of a region is known as a local market.

b) National Market: The market for the commodities which are sold within the country is known as the national market.

c) International Market: The market for the commodities which are produced in one country and sold in other countries is known as the international market.

2. On the Basis of Time

a) Very Short Period Market: This type of market has a very short time existence viz., for a few hours or for a day at a particular time and place. In this type of market perishable goods such as vegetables, fruits, milk products, etc. are sold.

b) Short Period Market: This type of market has existed for a short period viz. weekly markets, festival market, market during fairs, etc. Perishable or semi-durable goods are sold in this market.

c) Long Period Market: This type of market has existed for long period. In this type of market durable commodities that are generally non-perishable in nature are sold.

3. On the Basis of Volume of Transaction

a) Wholesale Market: In the wholesale market, the activity of buying and selling goods is undertaken in large quantities at cheaper prices. Goods are sold to retailers who then sell them to the consumers. It refers to the market for bulk purchase and sale of goods. In such a market seller are known as wholesalers and buyers are known as retailers.

b) Retail Market: Retail market is the market where the retailer sells goods directly to the consumer in small quantities.

4. On the Basis of Importance

a) Primary Market: Primary Market refers to the market for primary products such as agricultural and forest products, for example, fruits, vegetables, food grains, etc.

b) Secondary Market: Secondary Market refers to the market for semi-processed and semi-manufactured goods. For example the yarn market, iron ore market, etc.

c) Terminal Market: Terminal Market refers to the market where goods are sold to the ultimate consumers or the users of the product.

5. On the Basis of Nature of Goods

a) Commodity Market: Commodity market refers to the market for goods, material, or produces viz., consumer goods, and industrial goods.

b) Capital Markets: It is a market for borrowing and lending long term capital required by business enterprises. The financial asset dealt within the capital market has a long or indefinite maturity period.

6. On the Basis of Regulation

a) Regulated Market: Regulated market refers to the markets regulated by statutory provisions of the country. For example, Commodity Exchanges, Stock Exchanges, Foreign Exchanges.

b) Unregulated or Free Market: It refers to the markets which are not controlled by any specific regulations. It generally operates according to forces of demand and supply.

7. On the Basis of Competition

a) Perfect Market: Perfect market is a market where a large number of buyers and sellers buy and sell their homogeneous products. These buyers and sellers have perfect knowledge about market conditions and therefore, one single price prevails in the market.

b) Imperfect Market: Imperfect Market refers to a market situation that is characterized by market imperfection such as a single seller, maladjustment in demand and supply, imperfect knowledge on the part of buyers or sellers, etc.

Exercise 7 | Q 3 | Page 168

Answer the following.

Explain in detail the 7Ps of Marketing.

SOLUTION

7Ps of Marketing have explained are as follows:

1. Product:

Product refers to the goods or services that are offered to the customers for sale and are capable of satisfying the need of the customer. The product can be intangible or tangible, as it can be in the form of services or goods. The business needs to decide the right type of product through extensive market research. The success of the business depends on the impact of the product in the minds of the customer.

2. Price:

The price of the product is basically the amount that a customer pays for the product. Price plays an important role in creating demand for the product. The business needs to take the utmost care to decide the price of the product. The cost of the product and willingness of the customer to pay for the product plays an important role in pricing the product. Too high prices may affect the demand for the product and pricing too low may affect the profitability of the business. While deciding the prices, the value and utility of the product to its customers are to be considered.

3. Place:

The place is also known as a distribution channel. Placement or distribution is a very important part of marketing. Making the right product at the right price is not enough. A businessman needs to make the product available to the potential customer in the right place too. Business needs to distribute the product in a place that is accessible to potential buyers. It covers location, distribution, and ways of delivering the product to the customer. Better the chain of distribution higher the coverage of the product in the market.

4. Promotion:

Promotion is an important element of marketing as it creates brand recognition and sales. Promotion is a tool of marketing communication that helps to publicize the product to the customer. It helps to convey product features to the potential buyer and inducing them to buy it. The promotion mix includes tools such as advertising, direct marketing, sales promotion, personal selling, etc. A combination of promotional strategies depends on budget, the message business wants to communicate, and the target market.

5. People:

People inside and outside of the business have directly or indirectly influenced the business. People comprise of all the human beings that play an active role in

offering the product or service to the customer. The people include employees who help to deliver services to the customer. The right people in the right place add value to the business. For the success of the business, it is necessary to recruit the right people, train them, develop their skills, and retain them.

6. Process:

Process refers to the steps involved in delivering products and services to the customer. Processes are important to deliver a quality service. A good process helps to ensure the same standard of service to the customer as well as save time and money by increasing efficiency. The advancement of technology helps businesses in effective monitoring of the process of the business and take corrective action wherever is necessary.

7. Physical Environment:

Physical Environment refers to the marketing environment wherein the interaction between customer and firm takes place. Since services are intangible in nature service providers try to incorporate certain tangible elements into their offering to enhance the customer experience. In the service market, physical evidence is important to ensure that the service is successfully delivered. Through physical evidence, customers know the brand leaders in the market. Physical evidence affects the customer's satisfaction. It includes location, layout, interior design, packaging, branding, the dress of the staff and how they act, waiting for area, etc.

Exercise 7 | Q 4 | Page 168

Answer the following.

Explain the functions of marketing in detail.

SOLUTION

1. Marketing Research

Effective marketing is possible when business takes initiative to identify the needs and wants of the consumers in the market. To identify the needs of the consumers, there is a need to collect information from the consumers and analyse the same is known as Market Research. Analysis of the information helps in the assessment of the need in the market. It helps to find out what do consumers want to buy, when do consumers buy, in what quantity they want to buy and at what price. Marketing Research helps to make various decisions regarding the successful marketing of products.

2. Buying and Assembling:

It involves collecting raw material from different sources at one place for production. This function is important as the quality and price of raw materials determine the cost and quality of the final product.

3. **Market Planning:**

After assessing the need for marketing, the business needs to chalk out the marketing plan and strategies to achieve the desired objective. Market planning is the process of organizing and defining the marketing objectives of the business and creating strategies to achieve them. It is the comprehensive blueprint that will help to draw outline business's overall marketing efforts.

4. **Product Development**

Product development and design play an important role in the selling of the product. There is a need to develop a product that suits the needs of the consumer. Product design includes decision-related to quality, standards, shape, design, packing, colour etc. of the product. The consumer always prefer better and attractively designed product. Good design of the product gives a competitive advantage to the business. Product development is a continuous process as the requirements of the customer change from time to time.

5. **Standardisation and Grading:**

Standardisation means to determine standards related to process, size, quality, design, weight, colour etc. of the product. It helps in ensuring uniformity in the quality of the product. It helps in achieving customers' loyalty towards the product. Grading is the process of classification of products according to similar characteristics and/or quality. Grading is done on the basis of their features like size, shape quality etc. Generally grading is done in case of agricultural products like wheat, rice, potatoes etc.

6. **Packaging and Labelling:**

Package and Label create the first impression on the consumer about the product. Attractive package and label can help to make the product successful. Packaging means designing the package for the product. It helps to avoid breakage, damage and destruction of the product. Packing material includes bottles, container, plastic bags, tin, wooden boxes, jute bags, bubble bags, packing foam etc. The label is a slip which is found on the product and provides all the information regarding the product and its producer. The slip on which all this information is provided is called a label and its process is called as labeling. Packaging and labelling not only provide protection to the product but also act as an effective tool of marketing.

7. **Branding :**

Every businessman wants to have a special identity in the market for his product. Branding is a process of giving special identity to a product through a unique brand name to differentiate it from competitor's products. In simple words giving of a distinct name to one's product is called branding. Registered brands are known as Trademarks.

8. **Customer Support Service:**

Customer is the king of the market hence business needs to take necessary

steps for the satisfaction of the customer. Business needs to take every possible effort to provide support services to the customer. Timely support services help to gain customer's loyalty.

9. Pricing of Product:

Pricing is one of the most important as well as the challenging function of marketing. Many times the price of the product decides the success or failure of the product. Pricing plays an important role in the market where there is cut-throat competition.

10. Promotional Channels:

Promotion is the process of informing the consumers about the products, their features, uses, prices etc and encouraging them to buy these products. Advertising, Personal selling, Publicity and Sales Promotion are some of the important tools of promotion. Business uses a combination of all or some of these four methods for promotion as per the need of the business. Promotional activities help to increase brand awareness in the market.

11. Distribution:

Distribution is the set of activities which is concerned with efficient movement of finished goods from the place of production to the consumer. It includes transportation, warehousing, material handling, inventory control, order processing, market forecasting, packaging, plant and warehouse location and customer service. Distribution accounts for a major part of the marketing budget of the business. Importance of physical distribution for a firm depends on the type of product and level of customer satisfaction desired.

12. Transportation:

Transportation means the physical movement of goods from the place of production to the place of consumption. Transportation includes transportation of finished goods as well as of raw material. Production, sale, and consumption -all the three activities need not be at one place hence there is a need for transportation. Place utility is created by transportation activity.

13. Warehousing:

There is a time-lag between the purchase or production of goods and their sale. It is important to store the goods at a safe place during this time-lag. Any negligence during this period may damage the stock. Warehouse helps to maintain a smooth flow of goods. It also helps in stabilizing prices in the market. The function of warehousing is performed by retailers, wholesalers, and manufacturers. Warehousing creates time utility.

Exercise 7 | Q 5.1 | Page 168

Answer the following.

Explain the importance of marketing to society.

SOLUTION

Importance of Marketing to the Society

1. Increase in Standard of Living:

The prime objective of marketing is to provide goods and services to customers to satisfy their needs. Paul Mazur defined marketing as, "The delivery of standard of living to the society". Marketing helps to identify the needs of the customers and take an initiative to provide quality goods at the cheaper prices.

2. Provides Employment:

Modern marketing is a total system that covers almost all functions of an organization such as buying, selling, financing, transport, warehousing, risk-bearing, research, and development, etc. To run this system there is a need for people. Thus, marketing gives job opportunities to people.

3. Decreases Distribution Costs:

Marketing activities help to provide cheap goods and services to society. Effective utilization of channels of distribution can help in reducing the cost prices of the products and services. The reduction of cost will help to increase the potential consumers for the products or services. It also assures the timely availability of the product.

4. Consumer Awareness:

Marketing helps society by informing and educating consumers. The function of marketing is to fulfill the needs of consumers. Marketing helps consumers to know about new products and services available in the market and its usefulness to the customer.

5. Increase in National Income:

Every economy revolves around marketing, production, and finance to the industry. The scientifically organized marketing activities help in the economic development of the country. Effective marketing of products and services result in industrialization, more job and makes the economy stronger and stable. Marketing can bring about the rapid development of the country by the integration of agriculture and industry.

6. Managing Consumer Expectations:

Marketing research helps organizations to understand the needs of the consumers. It helps in developing the products which fulfill customer's expectations. Customers' reviews collected through different sources can help the organizations to make necessary changes in the products. Businesses use marketing to make consumers aware of major changes, such as mergers and transfers in ownership that affect product offerings or seek to improve quality. Government regulations prevent marketers from making false or misleading claims.

Exercise 7 | Q 5.2 | Page 168

Answer the following.

Explain the importance of marketing consumers.

SOLUTION

Importance of Marketing to the Consumers:

1. Promotes Product Awareness:

Through different marketing activities, companies promote their products and services. This helps consumers to know about different products and services available in the market. It helps the consumer in making a buying decision. It also creates awareness among the consumers about different brands and features of the product available in the market.

2. Provides Quality Products

There is increasing competition in the market. Consumers are getting easy access to information about the products and services available in the market. It creates moral pressure on the businesses to provide quality goods to the consumers. Supplying defective products may create a negative image of the business which affects the consumer's loyalty.

3. Provides Variety of Products

Marketing creates awareness among the consumers about the product. At the same time, it attracts consumers to buy the same. With the customer population and preferences becoming wider, and the competitive options becoming more available, market segmentation has become critical in any business or marketing plan.

4. Helps in Selection:

A variety of products with different brands are available in competitive markets. Marketing helps the consumer to choose the best products and services from the different options available.

5. Consumer Satisfaction:

The first and foremost objective of any sound marketing policy is to satisfy the advertising, assurance of good quality products to consumers. When an offering meets the customer's expectations, the customer is satisfied. Marketing leads to consumer satisfaction through honest advertising, assurance of quality products, and availability of innovative products. Thus, marketing takes every effort to satisfy the consumer.

6. A regular supply of goods:

Through efficient distribution channels of marketing regular supply of goods is possible. It helps to maintain the balance between demand and supply. It results in stable prices.