

Understanding-based Questions

[1 mark]

Q.1. Why is marketing called a social process?

Ans. As it involves interaction of people.

Q.2. Distinguish between 'Selling Concept' and 'Marketing Concept' of Marketing Management Philosophies on the basis of 'main focus'. [CBSE 2013]

Ans. Main focus of selling concept is on the attracting consumers while main focus of marketing concept is on consumer satisfaction.

Q.3. State the meaning of 'Product Identification' function of packaging. [CBSE 2013]

Ans. It means that packaging keeps the difference between the product of one company and that of competitors.

Q.4. State the meaning of 'Product Promotion' function of packaging. [CBSE 2013]

Ans. It means that packaging is used to attract attention which makes possible the promotion of products.

Q.5. What is meant by Channels of Distribution?

Ans. It refers to that path through which products reach consumers.

Q.6. What is meant by Zero Level Channel of Distribution?

Ans. It refers to sell the goods directly to the consumers by the manufacturer without involving any intermediary.

Q.7. What is meant by Physical Distribution?

Ans. It refers to the combination of all decisions relating to the Transportation, Inventory, Warehousing and Order Processing of goods.

Q.8. At which level of packaging, the immediate container is referred to?

Ans. It is primary package.

Q.9. Give any two advantages of branding to the marketer.

Ans.

- i. It helps in advertising in easier way.
- ii. It establishes the permanent identity of the product.

Q.10. Is advertising a 'dialogue'?

Ans. No, advertising is not a 'dialogue' but it is a 'monologue'.

Q.11. Why personal selling is known as personal form?

Ans. Because under it, there establishes face to face contact between buyers and salesmen.

Q.12. 'Sales promotion makes advertising effective.' How?

Ans. Once the samples of a particular product reach to the consumers through sales promotion, the advertisement of the same product gets more effective.

Q.13. Name the groups of public with whom business unit establishes relations.

Ans. Customers, Suppliers, Intermediaries, Employees, etc.

Q.14. *Shreemaya Hotel in Indore was facing a problem of low demand for its rooms due to off season. The Managing Director (MD) of the hotel, Mrs. Sakina was very worried. She called upon the Marketing Manager, Mr. Kapoor for his advice. He suggested, that the hotel should announce an offer of '3 Days and 2 Nights hotel stay packaged with free breakfast and one day religious visit to Omkarehswar and Mahakaleshwar Temples'. The MD liked the suggestion very much. Identify the promotional tool, which can be used by the hotel, through which large number of prospective pilgrimage tourists, all over the country and also abroad, can be reached, informed and persuaded to use the incentive.*

[CBSE 2016]

Ans. Advertising.

[3 marks]

Q.1. What is meant by the 'Product Concept' of marketing'?

[CBSE 2010]

Ans. Those companies who believe in this philosophy are of the opinion that if the quality of goods or services is of good standard, the customers can be easily attracted. The basis of this thinking is that the customers get attracted towards the products of good quality. On the basis of this philosophy or idea these companies direct their marketing efforts to increasing the quality of their product.

Q.2. What is meant by the 'Societal Concept' of marketing?

Ans. This concept stresses not only on the consumer satisfaction but also gives importance to Consumer Welfare/Societal Welfare. This concept is almost a step further than the marketing concept. Under this concept, it is believed that mere satisfaction of the consumers would not help and the welfare of the whole society has to be kept in mind.

Ans. What is meant by 'Production Concept' of marketing?

Q.3. What is meant by 'Production Concept' of marketing?

Ans. Those companies who believe this philosophy think that if the goods/services are cheap and they can be made available at many places, there cannot be any problem regarding sale. Keeping in mind the same philosophy these companies put in all their marketing efforts in reducing the cost of production and strengthening their distribution system. In order to reduce the cost of production and to bring it down to the minimum level, these companies indulge in large scale production. This helps them in affecting economies of large scale production. Consequently, the cost of production per unit is reduced.

Q.4. What is meant by 'Selling Concept' of marketing?

[CBSE 2010]

Ans. Those companies who believe in this concept think that leaving alone the customers will not help. Instead there is a need to attract the customers towards them. They think that goods are not bought but they have to be sold. The basis of this thinking is that the customers can be attracted. Keeping in view this concept these companies concentrate their marketing efforts towards educating and attracting the customers. In order to achieve it, they resort to advertising, personal selling, sales promotion etc. In such a case their main thinking is 'selling what you have'.

Q.5. Write one sentence each to show how samples, rebate and quantity gift help in sales promotion. Give one example of each.

Ans.

- i. **Samples:** Under it, the producer distributes free samples of his product among the customers. For example, to distribute the sample of Washing Powder.
- ii. **Rebate:** Under it to clear the excess stock the products are offered at some reduced prices. For example, giving a rebate by a car manufacturer to the tune of ₹ 12,000 for a limited period of time.
- iii. **Quantity Gift:** Under it, some extra quantity of the main product is passed on as a gift to the customers. For example, a free gift of one RICHLOOK shirt on the purchase of two shirts.

Q.6. Explain how the 'product related factors' affect the choice of channels of distribution?

[CBSE 2015]

Ans.

1. **Unit Value of the Product:** When the product is very costly it is best to use small distribution channel. For example, Industrial Machinery or Gold Ornaments are very costly products that is why for their distribution small distribution channel

is used. On the other hand, for less costly products long distribution channel is used.

2. **Perishability:** A manufacturer should choose minimum or no middlemen as channel of distribution for such an item or product which is of highly perishable nature. On the contrary, a long distribution channel can be selected for durable goods.
3. **Technical Nature:** If a product is of a technical nature, then it is better to supply it directly to the consumer. This will help the user to know the necessary technicalities of the product.

Q.7. How do the 'Company-related factors' affect the choice of channels of distribution? Explain. [CBSE 2015]

Ans. Company related factors include:

1. **Goodwill:** Manufacturer's goodwill also affects the selection of channel of distribution. A manufacturer enjoying good reputation need not depend on the middlemen as he can open his own branches easily.
2. **Financial Strength:** A company which has a strong financial base can evolve its own channels. On the other hand, financially weak companies would have to depend upon middlemen.

Q.8. Explain any two factors affecting price of a product. [CBSE Sample Paper 2016]

Ans. Factors affecting the price of a product are the following:

- i. **Demand for Product:** Intensive study of demand for product and services in the market be undertaken before price fixation. If demand is relatively more than supply, higher price can be fixed.
- ii. **Price of Competing Firms:** It is necessary to take into consideration prices of the products of the competing firms prior to fixing the price. In case of cut-throat competition it is desirable to keep prices low.

[4 marks]

Q.1. A company was marketing 'water purifiers' which were very popular due to their quality and after sales services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits and company ignored the after sales services. As a result its relations with the customers got spoiled and the image of the company was damaged in the public. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image in the eyes of the public. As a result the goodwill of the company improved in the society.

[CBSE 2016]

Q. Name and state the communication tool used by the marketer in the above case to improve its image.

Ans. It is public relations. **Public Relations:** Public relation refers to conduct a variety of programmes by a business to promote and protect the image of the organisation and its products in the eyes of the public.

Q. Also explain role of the tool as identified in part (a).

Ans. Role of Public Relations: The role or importance of public relations is collaborated by the following facts:

- i. **Press Relations:** Every organisation wants the press to give the news favourable to it. The information collected by the press correspondents about the organisation can be presented by distorting (breaking and wrenching) it. But this very information, when communicate by the Public Relations Department to the press, will be definitely realistic and better. With this very aim in view, the Public Relations Department, constantly maintains contact with the press.
- ii. **Product Publicity:** Every company wants to attract the attention of people towards its new products. The Public Relations Department publicises the product through sports and other social programmes like press conference, seminars and exhibitions.
- iii. **Corporate Communication:** Every company wants to make its image grow or develop by sharing its general information with the public and workers. To do this, the company's Public Relations Department takes the help of newsletters, annual reports, brochures, articles and audio-visuals. Besides the managers of the company try to develop the organisation's image by delivering lectures in trade associations and trade fairs.

Q.2. *A company was marketing 'Juicers' which were very popular due to their quality and after-sale-services provided to the customers. The company was a leading company in the market and earning huge profits. Because of huge profits the company ignored the after sales services. As a result its relations with the customers got spoiled and the image of the company in the public was damaged. Top management became concerned when the profits for the current quarter fell steeply. On analysis it was revealed that ignoring the after sales services was its reason. Therefore the company took all possible measures to protect and promote its favourable image. As a result the goodwill of the company improved in the society.*

- a. **Name and state the communication tool used by the marketer in the above case to improve its image.**
- b. **Also explain role of the tool as identified in Part (a)**

[CBSE 2016]

Ans. Refer to Q. 1 above.

[6 marks]

Q.1. Explain the following functions of marketing:

[CBSE 2014]

Q. Gathering and analysing market information

Ans. Gathering and analysing market information: Gathering and analyzing market information is an important function of marketing. Under it, an effort is made to understand the consumer thoroughly in the following ways:

- What do the consumers want?
- In what quantity?
- At what price?
- When do they want (it)?
- What kind of advertisement do they like?
- Where do they want (it)?
- What kind of distribution system do they like? All the relevant information about the consumer is collected and analysed. On the basis of this analysis an effort is made to find out as to which product has the best opportunities in the market.

Q. Marketing planning

Ans. Marketing planning: In order to achieve the objectives of an organisation with regard to its marketing, the marketer chalks out his marketing plan. For example, a company has a 25% market share of a particular product. The company wants to raise it to 40%. In order to achieve this objective the marketer have to prepare a plan in respect of the level of production and promotion efforts. It will also be decided as to who will do what, when and how. To do this is known as marketing planning.

Q. Customer support services and

Ans. Customer support service: It refers to a group of services which aim at providing maximum satisfaction to the customers. A marketer offers primarily the following services to the customers:

- a. After-sales-services
 - b. Handling customers' complaints
 - c. Technical services
 - d. Credit facilities
 - e. Maintenance services
 - f. Product related information
- Helping the customer in this way offers him satisfaction and in today's competitive age customer's satisfaction happens to be the top-most priority. This encourages a customer's attachment to a particular product and he starts buying that product time and again.

Q.2. 'Choice of an appropriate channel of distribution is a very important marketing decision which depends on various factors.'

Explain any three such factors.

[CBSE 2013]

Ans. A manufacturer should keep into consideration the following factors while selecting a channel of distribution.

- i. **Considerations Related to Product:** When a manufacturer selects some channel of distribution he/she should take care of such factors which are related to the quality and nature of the product. They are as follows:
 - a. **Unit value of the product:** When the product is very costly it is best to use small distribution channel. For example, Industrial Machinery or Gold Ornaments are very costly products that's why for their distribution small distribution channel is used. On the other hand, for less costly products long distribution channel is used.
 - b. **Perishability:** A manufacturer should choose minimum/no middlemen as channel of distribution for such an item or product which is of highly perishable nature. On the contrary, a long distribution channel can be selected for durable goods.
- ii. **Considerations Related to Market:** Market considerations are given below:
 - a. **Number of buyers:** If the number of buyers is large then it is better to take the services of middlemen for the distribution of the goods. On the contrary, the distribution should be done by the manufacturer directly if the number of buyers are less.
 - b. **Types of buyers:** Buyers can be of two types: General Buyers and Industrial Buyers. If the more buyers of the product belong to general category then there can be more middlemen. But in case of industrial buyers there can be less middlemen.
- iii. **Considerations Related to Manufacturer/Company:** Considerations related to manufacturer are given below:
 - a. **Desire to control the channel of distribution:** Manufacturer ambition to control the channel of distribution affects its selection. Consumers should be approached directly by such type of manufacturer. For example, electronic goods sector with a motive to control the service levels provided to the customers at the point of sale are resorting to company owned retail counters.
 - b. **Financial strength:** A company which has strong financial base can evolve its own channels. On the other hand, financial weak companies would have to depend upon middlemen.

Q.3. Choice of channels of distribution depends on various factors. Explain any four factors which affect the choice of channels of distribution.

[CBSE 2012]

Ans. A manufacturer should keep into consideration the following factors while selecting a channel of distribution.

For points (i), (ii) & (iii) Refer to Q. 2 above.

(iv) Considerations Related to Government: Considerations related to the government also affect the selection of channel of distribution. For example, only a licence holder can sell medicines in the market according to the law of the government. In this situation, the manufacturer of medicines should take care that the distribution of his product takes place only through such middlemen who have the relevant licence.

Q.4. Physical distribution includes some components for physically moving the goods from manufacturers to the customers. Explain these components.

[CBSE 2012]

Ans. In Physical Distribution of products four activities are included and decisions related to these activities are taken. These four activities are as follows:

- i. **Transportation:** Transportation is that activity through which products are moved from one place to another. By making the products reach at desirable place increases the importance and value of those products. Many means of transportation are available, like — road, railway, air, water, pipeline etc.
- ii. **Inventory:** By inventory we mean the stock of raw material, semi-finished goods and finished goods held in anticipation of sales or use. How much inventory should be kept for various items? This is an important decision in Physical Distribution. The main reason why this decision is important is that if the inventory is either more or less than required, both the situations have their advantages and limitations.
- iii. **Warehousing:** Oftenly it is noticed that it takes some time between purchasing/manufacturing and selling. For this time period material has to be kept in stock. Under warehousing activity following decisions regarding the inventory of material are taken:
 - a. Which is a better option? (To own or to rent a warehouse)
 - b. Which is the right location for a warehouse? (Nearer to factory or nearer to market).
 - c. Which decision is more apposite? (To locate the warehouse at one place or at different places)
- iv. **Order Processing:** Order Processing means the process which is followed to fulfill the material order of the customer. Different steps of an order processing are as follows:
 - a. Orders placed by consumers to salesperson.
 - b. Transmission of order by salesperson to company.
 - c. Entry of order in Company Office.
 - d. Evaluate the reputation of customer.
 - e. Check inventory and prepare scheduling.
 - f. Shipment of material in accordance to the order.
 - g. Receive Payment.

Q.5. Explain any four factors which affect the determination of the price of a product.

[CBSE 2013]

Ans. Factors which affect the determination of the price of a product are:

- i. **Cost of Production:** Cost of production is the main component of price. No company can sell its product or services at less than the cost of production. Thus, before price fixation, it is necessary to compile data relating to cost of production and keep that in mind. There are two types of cost: (a) Fixed Cost (e.g., Rent of building, Salary of permanent staff, etc.) (b) Variable Cost (e.g., Material, Labour, etc.). At least the price should be able to recover the variable cost as the fixed cost are incurred whether the production takes place or not.
- ii. **Demand for Product:** Intensive study of demand for product and services in the market be undertaken before price fixation. If demand is relatively more than supply, higher price can be fixed.
- iii. **Price of Competitive Firms:** It is necessary to take into consideration prices of the products of the competing firms prior to fixing the price. In case of cut-throat competition it is desirable to keep price low.
- iv. **Purchasing Power of Customers:** What is the purchasing power of the customers and at what price and how much they can purchase? It should also be taken into consideration.

Q.6. Explain the concept of personal selling and any four qualities of a good salesman.

[CBSE 2013]

Ans. Meaning of Personal Selling: It refers to contracting prospective buyers of product personally. **Qualities of a Good Salesman:** A good salesman should possess the following qualities:

1. **Physical Qualities:** A salesman can be called a good salesman only when he is physically healthy. Physical health is a big wealth for a salesman. As goes the saying: 'First impression is the last impression.' A healthy salesman very soon gets associated with the customers.
2. **Psychological Qualities:** A good salesman should be a specialist psychologist, so that he may understand the feelings of the would be customers. It is most essential for him to have qualities of friendliness and patience.
3. **Technical Quality:** The salesman should have a detailed knowledge of the manufacturing process, the method of using, advantages, specialities, price and types of availability of his product. He should remain vigilant of the nature of the company for which he works.
4. **Good Communications Skill:** He should be capable enough to speak clearly, freely and in a balanced manner. While communicating, he should be full of confidence. Also he should be capable enough to answer all the queries of the customer satisfactorily.

Q.7. Explain briefly any six techniques of Sales Promotion.

Ans. Following are some of the major activities in respect of sales promotion:

- i. **Rebate:** Under it, in order to clear the excess stock the products are offered at some reduced prices. For example, giving a rebate by a car manufacturer to the tune of ₹ 12,000 for a limited period of time.
- ii. **Discount:** Under this method, the customers are offered products on less than the listed price. For example, giving a discount of 30% on the sale of Liberty Shoes. Similarly, giving a discount of 50% + 40% by the KOUTONS.
- iii. **Refunds:** Under this method, some part of the price of an article is refunded to the customer on showing proof of purchase. For example, refunding an amount of ₹ 5 on showing the empty packet of the product priced ₹ 100.
- iv. **Product Combination:** Under this method, alongwith the main product some other product is offered to the customer as a gift. The following are some of the examples:

Main Product	Gift
TV	Vacuum cleaner
Shakti Bhog Atta	A packet of rice
A kilo of washing powder	A 100 gm bottle of sauce
Natkhat Nimbu Bhujia	A glass bowl
Maggi Noodles	A toy car

- v. **Quantity Gift:** Under this method, some extra quantity of the main product is passed on as a gift to the customers. For example, 25% extra toothpaste in a packet of 200 gm tooth paste. Similarly, a free gift of one RICH LOOK shirt on the purchase of two shirts.
- vi. **Instant Draw and Assigned Gift:** Under this method, a customer is asked to scratch a card on the purchase of a product and the name of the product is inscribed thereupon which is immediately offered to the customer as a gift. For example, on buying a car when the card is scratched such gifts are offered — TV, Refrigerator, Computer, Mixer, Dinner Set, Wrist Watch, T-shirt, Press, etc.