



Class 11	Entrepreneurship	Unit 5F: Marketing Mix
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Question 1. Answer each of these questions in about 15 words:

- (i) What is Marketing?**
- (ii) What is Commerce?**
- (iii) To which tool of the marketing mix does 'Brand Name' pertain?**
- (iv) What is meant by price mix?**
- (v) What is done under place mix?**
- (vi) Give one point of difference between Personal Selling and Sales Promotion.**

Answer: (i) Marketing, an art, which includes all activities pertaining to creation of place, time and possession utility.

(ii) "Commerce is the sum total of all those activities, which are engaged in the removal of hindrance of persons (trade) place (transport and insurance) and time (warehousing) in the exchange (banking) of commodities," says as per James Stephenson.

(iii) Product mix.

(iv) Price Mix is the determination of money value of any product or service.

(v) Physical distribution is the task of moving the goods and services from the place of production to the place of their consumption.

(vi) Personal selling is a part of sales promotion.

Question 2. Answer each of these questions in about 50 words:

- (i) Define the term 'Marketing Mix'.**
- (ii) Enlist any four product oriented benefits from marketing mix.**
- (iii) Arvind, the manufacturer of footwear sells the same to different retailers, who then sell to the consumers. Name the channel and level of distribution involved.**
- (iv) List any four factors that influence the pricing decisions.**

Answer: (i) The combination of product, price, promotion and place (distribution) activities needed to meet marketing objectives is said to be marketing mix.

- (ii) (a) It is according to needs of the customers.
- (b) It reflects saleable quality.
- (c) It gives scope for improving the quality.
- (d) Attractive designing and packaging is possible.
- (iii) There is Direct Channels and Zero-level.
- (iv) The pricing decisions for a product are affected by internal and external factors.

A. Internal Factors:

- (1) Cost: While fixing the prices of a product, the firm should consider the cost involved in producing the product. This cost includes both the variable and fixed costs. Thus, while fixing the prices, the firm must be able to recover both the variable and fixed costs.
- (2) The predetermined objectives: While fixing the prices of the product, the marketer should consider the objectives of the firm. For instance, if the objective of a firm is to increase return on investment, then it may charge a higher price, and if the objective is to capture a large market share, then it may charge a lower price.
- (3) Image of the firm: The price of the product may also be determined on the basis of the image of the firm in the market. For instance, HUL and Procter & Gamble can demand a higher price for their brands, as they enjoy goodwill in the market.
- (4) Product life cycle: The stage at which the product is in its product life cycle also affects its price. For instance, during the introductory stage the firm may charge lower price to attract the customers, and during the growth stage, a firm may increase the price.

B. External Factors:

- (1) Competition: While fixing the price of the product, the firm needs to study the degree of competition in the market. If there is high competition, the prices may be kept low to effectively face the competition, and if competition is low, the prices may be kept high.
- (2) Consumers: The marketer should consider various consumer factors while fixing the prices. The consumer factors that must be considered includes the price sensitivity of the buyer, purchasing power, and so on.
- (3) Government control: Government rules and regulation must be considered while fixing the prices. In certain products, government may announce administered prices, and therefore the marketer has to consider such regulation while fixing the prices.
- (4) Economic conditions: The marketer may also have to consider the economic condition prevailing in the market while fixing the prices. At the time of recession, the consumer may have less money to spend, so

the marketer may reduce the prices in order to influence the buying decision of the consumers.

Question 3. Answer each of these questions in about 75 words:

(i) What is pricing? Discuss the various factors that determine the price of a product.

(ii) Define product mix. What dimensions of the product are to be considered by the entrepreneur herein?

Answer: (i) See Answer to Q4. (iii).

(ii) See Answer to Q5. (xiv).

Question 4. Answer each of these questions in about 150 words:

(i) What is meant by indirect channels of distribution? Explain any two indirect channels of distribution.

(ii) "Buy one get one free" is an example of one of the techniques of Promotion Mix. Name the technique. Explain any two other techniques of promotion mix.

(iii) State the importance of pricing.

Answer: (i) Indirect Channels: Here, the producers supply their products through one or more intermediaries. Following are the types of indirect channels:

(a) Producer-Retailer-Consumer (One level channel): Producer sells the product to retailer, who in turn sells to the consumer. For example; producers of refrigerators, washing machines, etc.

Producer | Retailer | Consumer

(b) Producer-Wholesaler-Retailer-Consumer (Two level channels): Here, two intermediaries, viz. the wholesaler and retailer are involved between the producer and the consumer. For example sugar, soaps, ghee, grains, etc.

Producer | Wholesaler | Retailer | Consumer

(ii) Buy one get one free is sales promotion technique of promotion mix: It is an effort to stimulate customers to buy more and more of particular commodities.

Other two techniques are:

(a) Exhibitions and Demonstration: Promoting the product, where the enterprise may display product in fairs and exhibitions.

(b) Public Relations: The enterprise may start public contact programmes to introduce the product in the market.

(iii) Pricing is important because of following reasons:

(a) Key to revenue (b) Attract customers

- (c) Edge over competition (d) Crucial to profits
- (e) Platform for achieving other objectives

Question 5. Answer each of these questions in about 250 words:

- (i) Of what help is a marketing mix for an entrepreneurs?**
- (ii) You are the marketing manager of a company manufacturing toy car. Explain briefly, the factors to be considered by you before finalizing the price of the toy car.**
- (iii) Explain briefly the place mix and its components.**
- (iv) 'Determination of the price of a product is a very crucial decision'. Why? Support your answer with reasons.**
- (v) Name the methods used for pricing. Define marketing mix. Draw a chart showing the components and sub-components of the mix.**
- (vi) What is meant by market intermediaries? Can market survive without these intermediaries? Support your answer with the help of two reasons.**
- (vii) Of what help is a marketing mix for an entrepreneurs?**
- (viii) Explain briefly the place mix and its components.**
- (ix) 'Determination of the price of a product is a very crucial decision'. Why? Support your answer with reasons.**
- (x) Enlist the different forms of intensive expansion. Explain the forms of penetration strategies available to the firm.**
- (xi) Discuss the forms available to an entrepreneur to go in for integrative expansion along with examples.**
- (xii) What is 'Market Development Strategy1? How can the same be applied by the entrepreneur? (xiii) Define commerce and discuss its functions.**
- (xiv) What do you understand by the term 'Industry'? Explain the various types of industries?**
- (xv) Mohan Pvt. Ltd. just commenced with the Business of Blue Pottery. Explain the auxiliaries required for the smooth functioning of their newly set enterprise.**
- (xvi) What are secondary industries? Discuss briefly the different types of secondary industries.**

Answer: (i) Following is the importance of marketing mix :

(a) Product Oriented:

1. It is according to needs of the customers.
2. It reflects saleable quality.
3. It gives scope for improving the quality.
4. Attractive designing and packaging is possible.
5. After sales Services become strength.

(b) Price Oriented Benefits:

1. Determination of price according to the paying capacity of customers.
2. Fair pricing of the product can be done.
3. Credit facility can be provided/availed.
4. Discount and allowance can be provided.

(c) Promotion Oriented:

1. Advertising can be done for raising sales.
2. Sales promotion is possible.
3. Helps personal selling.

(d) Distribution Oriented:

1. Availability at the right place is possible.
2. Availability through convenient outlets.

(ii) Following factors will be considered:

(a) Internal Factors: It includes:

1. Profit sought from the sale of the toy car: More profit will mean more price.
2. The image sought by the firm through pricing: In case brand name is to be created then additional expenditure is required.
3. Cost of manufacturing of the toy car : More is the cost more will be the price.
4. Marketing charges for marketing the product: Extensive marketing will mean more expenses for raising the sales.
5. Price elasticity of demand of the toy car.

(b) External Factors: External factors which include on pricing are:

1. Nature of Competition: If competition is intensive then lesser price will have to be kept and vice-versa.
2. Bargaining power of major consumers: In case the market is having bargaining customers, then more price will be kept.

(iii) Price of a product is the amount of money paid by the buyer to own the product or service. Price is the exchange value of a product.

Its components are:

- (a) Cost of the product
- (b) Demand for the product
- (c) Competition in the market .
- (d) Government regulations related to pricing
- (e) Consumer behaviour
- (f) Objectives of the enterprise
- (g) Terms of credit

(iv) Yes, determination of the price of a product is a very crucial decision because of the following reasons:

- (a) Key to Revenue: Price and quantity of sales together decide the revenue of any business. Suitable price for the consumer always fetches good revenue.

(b) Attract Customers: Convenient price of the product attracts the customers from other brands also. Brand loyalty can be broken by a lower price in the market.

(c) Edge over Competition: Good quality at reasonable price always provides advantage to the firm as they then keep themselves in a position to remain ahead of the competitors. In the world of tough competition pricing plays a major role in capturing market.

(d) Crucial to Profits: Pricing is crucial to profits. Improper pricing have adverse effect on the profits of any enterprise. This ultimately affect the profit, growth and future of the enterprise.

(e) Platform for achieving other objectives: Short term, long term, primary, and secondary objectives of the firm can only be attained if firms go for profit optimization rather than profit maximization.

(v) Following are the main methods of pricing:

(a) Cost plus Pricing Method (b) Variable Price Method

(c) Base Price and Discounts Method (d) Market Rate Method

(e) Skimming Price Method (/) Penetrating Pricing Method

Marketing Mix is the business tool which is used in marketing and by the marketers. It refers to the set of actions, orphans, that a company adopted to promote its brand or product.

Following are few of the components of marketing mix:

• Product Price • Place • Promotion

Following are few of the sub-components of marketing mix:

• People • Process • Physical Evidence • Cost • Channel.

(vi) The various members in the channel who facilitate the movement of goods from entrepreneur to consumers are called intermediaries.

No market could survive without intermediaries because of following reasons:

(a) Entrepreneur cannot reach all the consumers on its own and he needs the platform for it. This platform is provided by the intermediaries.

(b) Entrepreneurs are not in a position to contact all the consumers. It is the group of intermediaries which provide this facility and thus provide the feedback to the entrepreneurs.

(vii) Marketing Mix plays an important role for an entrepreneurs. This can be explained as follows:

(a) Product: If various features and characteristics of the product are of the liking of majority of the potential customers, the sales is automatically going to be higher. Effective after sale service, efficient utilization of know-how, hill capacity production will create good rapport of the product. Consequently sales will be enhanced.

(b) Price: Favourable and adequate pricing depending on the paying

capacity of the customers always appeal the customers. The loyalty towards the product is also enhanced which ensures minimum sales and also attracts new customers. Various pricing methods are available at the disposal of the entrepreneur. Selection of appropriate method can be used as a tool for raising sales.

(c) Promotion: Publicity plays a leading role in promoting sales. Depending on the nature of the product the advertisement mode can be selected. Door to door selling, newspaper, radio, pamphlet, etc. are the various methods, which can be used for increasing the number of customers.

(d) Distribution: Various channels of distribution can be effectively used by entrepreneur depending on nature of market, preference of consumers and nature of the products. Shorter is the channel of distribution more efficient is distribution. (viii) Place refers to the point of sale, supplier, or provider where the product is obtained . and is also referred as to where the behaviour is practised. Physical distribution is the task of moving the goods and services from the place of production to the place of their consumption.

Its components include: (a) Channels of distribution (b) Modes of distribution.

1. Direct Channels/Zero-level: Here, the producers supply the products direct to the consumers. Producer → Consumer

2. Indirect Channels: Here, the producers supply their products through one or more intermediaries. Following are the types of indirect channels:

(a) Producer-Retailer-Consumer (One Level Channel): Producer sells the product to retailer, who in turn sells to the consumer.

Producer → Retailer → Consumer

(b) Producer-Wholesaler-Retailer-Consumer (Two Level Channels): Here, two intermediaries, viz. the wholesaler and retailer are involved between the producer and the consumer.

Producer → Wholesaler → Retailer → Consumer

(c) Producer-Agent-Wholesaler-Retailer-Consumer (Three Level Channels): Here, the producers take the help of agents who, in turn, supply to wholesalers and then through the retailers, the goods ultimately reach the consumers. Producer → Agent → Wholesaler →

Retailer → Consumer

It takes place using following modes of transportation:

(1) Railways (2) Roadways

(3) Waterways (4) Airways

(5) Pipelines

(ix) Pricing is very crucial decision because of the following reasons:

(a) Key to Revenue: Price and quantity of sales together decide the revenue of any business. Suitable price for the consumer always fetches good revenue.

(b) Attract Customers: Convenient Price of the product attracts the customers from other brands also. Brand loyalty can be broken by a lower price in the market.

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(d) Crucial to Profits: Pricing is crucial to profits. Improper pricing have adverse effect on the profits of any enterprise. This ultimately affect the profit, growth and future of the enterprise.

(e) Platform for Achieving Other Objectives: Short term, long term, primary, and secondary objectives of the firm can only be attained if firms go for profit optimization rather than profit maximization.

(x) It is a strategy of expansion under which growth is achieved by expanding the scale of operations. It involves expansion of firm's product range and market. Three alternatives

strategies in this regard are as follows:

(a) Market Penetration: This strategy aims to seek increased sales of the present products in the present markets through more aggressive promotion and distribution. The firms tries to penetrate deeper into the market to increase its market share. More money is spent on advertising and sale promotion to increase sale volume.

(b) Market Development: This strategy aims to increase sales volume by selling the present products into new markets.

(c) Product Development: Under this strategy, a business seeks to grow by developing improved products for the present markets.

Penetration Strategies: This is a strategy to grow by encouraging existing customers to buy more of the firm's existing product. Here, the enterprise tries and attempts to increase the sale of the current products in the current markets by following approaches:

(a) Encourage frequency of the use of product.

(b) Attract new clientele using sales promotion techniques like Advertising, Personal Selling, Discounts, Coupons, etc.

(c) Attract competitors, customers by using persuasive techniques.

(xi) Two forms are available to an entrepreneur to go in for integrative expansion, they are Vertical Expansion and Horizontal Integration.

(a) Vertical expansion refers to any of the activities or functions,

previously performed by the firm right from sourcing of raw material to supply of finished goods, through external agencies will now be performed by the firm itself. It is done through:

1. Backward Integration: It is a step back on the value-added chain towards the raw materials, by which the producer also becomes a raw materials wholesaler. For example: For manufacturing of 'Nirma' detergent an important raw material used 'Linear Alkaline Benzene (LAB)' which was earlier purchased is now manufactured by Nirma itself.

2. Forward Integration: It refers to taking a step forward on the value added chain towards the customers by which the firm also becomes a finished goods wholesaler.

(b) Horizontal integration occurs at the same level of the value added chain but involves a complementary, value added chain. It may involve acquisition of one or more competitors at the same level of business. For example, Hindustan Lever Ltd. has ensured for itself a presence in all segments using new brand launches and by strategic moves such as the acquisition of TOMCO.

The acquisition of TOMCO enhanced HLL's market share like it bought Hamam, 501, Moti, Jai and OK into HLL's brands, with already having Lifebuoy, Liril, Lux, Rexona, Dove, LeSancy as its powerful line extensions.

(xii) Market development strategies refers to selling the firm's existing products to new groups of customers i.e. exploring new markets for the existing product at national as well as at international level. This can be done using the following:

(a) New Demographic Market: By studying demographic characteristics like income, marital status, standard of living, education, age and sex of the customers, an enterprise can offer the same product to a different demographic group.

(b) New Product Use: An entrepreneur can find out that people use its product in a way that was not expected.

(c) New Geographical Market: This means selling the existing products in the new locations and new markets. This has the potential of increasing sales of the product by offering the product to customers who have not previously had the chance to purchase its products.

(xiii) "Commerce is the sum total of all those activities, which are engaged in the removal of hindrance of persons (trade) place (transport and insurance) and time (ware housing) in the exchange (Banking) of commodities,". James Stephenson Functions of commerce are:

1. to deals with activities which facilitate exchange of goods/services.

2. to deal with transfer of goods from one place of production to ultimate

consumers.

3. to help to break the barriers between the producers and the consumers.

4. to create time, place and possession utilities.

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2. It deals with transfer of goods from one place of production to ultimate consumers.

3. It helps to break the barriers between the producers and the consumers.

4. Time place and possession utilities are created.

(xiv) Industry refers to all economic activities involved in converting raw materials into finished products which are ultimately consumed by consumers. .

The primary industry are of following types:

(a) Extractive Industry: This industry deals with raising some forms of wealth from the soil, climate, air, water or from beneath the surface of the earth, for example, agriculture, fishing, etc. Extractive industries:

1. are the oldest occupation of human beings and provide raw material to others.

2. only collect and cannot add to the wealth extracted from the earth or sea.

3. shift the location of materials.

4. cannot replace the materials once extracted.

(b) Genetic: Genetic industry is related to the re-producing and multiplying of certain species of animal and plants with the object of earning profits from their sale. It deals with rearing and breeding of animals and birds and growing plants, e.g. nurseries, cattle breeding fish hatcheries, poultry farms, etc.

Secondary industries are the industries which are concerned with the changing forms or transformation of the materials provided by primary industries. Examples: manufacturing gold jewellery, refining crude oil into kerosene, cement, paint, soap, etc.

Various types of secondary industry are : (a) Manufacturing, (b)

Construction,

(c) Tertiary or Service.

Following are the main features of Manufacturing:

1. Engaged in the conversion of raw materials into semi-finished or finished goods.

2. creates form, utility in goods;

3. Most of the goods which are used by consumers are produced by manufacturing industries.

Processing: The industry in which the finished product of one process becomes the raw material of the receiving process and soon the final process produces the finished goods, e.g. cotton passes through ginning, weaving, dyeing to make cloth as a final product.

Manufacturing: The industries which are engaged in the conversion of raw materials into semi-finished or finished goods are referred as manufacturing industry. Manufacturing industry may be classified as:

1. **Analytical:** It deals with analysing and separating basic materials for getting distinct final products.

2. **Synthetic:** It deals with grouping together or synthesizing various raw materials in manufacturing process to produce a final product.

3. **Processing:** In this industry, a product passes through various processes to become a final product.

4. **Integration or Assembling:** In this industry, the final product is the outcome of assembling various parts or components together.

Construction industry

1. It deals in creation of infrastructure.

2. Engineering and architectural skills are involved.

Construction industry deals in creation of infrastructure for the smooth development of the economy. It is concerned with the construction of buildings, dams, roads, bridges, canals, etc. Engineering and architectural skills play a leading role in this industry. Service industry comprise of activities concerned with the rendering of services which help other businesses. These serve as the backbone of modern industrial system.

They help in removing various hindrances which arise during the production and distribution of goods and services and deals with:

• Transport facilitates • Banking

• Warehousing • Advertising.

(xv) Auxiliaries required for blue pottery are:

(a) **Transportation:** For bringing the raw material and also for sending the finished products to the market.

(b) **Banking:** It is required for taking loan as and when required and also for keeping the finance and taking use of various services offered by banks.

(c) **Insurance:** This is essential for safeguarding the enterprise against the risk involved due to unforeseen circumstances.

(d) **Warehousing:** It is required for storing the finished product and also for storing the raw material.

(e) Advertisement and salesmanship: It is required for providing information about product and also for informing market about the product.

(xvi) Secondary industries are the industries which are concerned with the changing forms or transformation of the materials provided by primary industries.

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- Warehousing • Advertising.

Question 6. Higher Order Thinking Skills (Hots)

- (i) "A scientific method more than any other procedure can minimize elements of uncertainty which result from lack of information". Do you agree? Give reasons.
- (ii) "Economic factors refer to the purchasing power of the potential customers." Explain. What is meant by the terms "purchasing power and potential customers"?
- (iii) Give one point of difference between the Primary forces and the Secondary forces.
- (iv) Define customer. Are customer and consumer synonyms? If no, write the differences between them.
- (v) You are the marketing manager of a company manufacturing toy car. Explain briefly, the factors to be considered by you before finalizing the price of the toy car.
- (vi) 'Customer is the King'. Do you agree? Justify giving reasons for your answer.
- (vii) Market survey can be used as a tool for betterment of society. To conduct a fair survey, enlist four strong values of a surveyor.
- (viii) "Market Survey is a useless expensive tool". Do you agree with the statement? Should it be dispense away with? Support you answer with reasons.
- (ix) Rahul, an owner of a huge Departmental Store, charges exorbitantly due of no competition around to the misses out on no opportunity to earn profit. He finds nothing wrong as the main goal of business is to earn 'Profit'. Discuss any four values which you find are lacking in him as a rational businessman.

Answer: (i) It is because of following reasons:

1. Research design must have a scientific base to achieve the desired objectives.
2. A research design is the specification of methods and procedures for acquiring the information needed.
3. The method and procedures should be scientific. Therefore, one should understand the scientific methods and their application to marketing research before deciding the research design.
4. The basic qualities of any scientific methods are rationality and objectivity.

5. No method known to man can entirely eliminate uncertainty. But scientific method, more than any other procedure can minimize those elements of uncertainty which result from lack of information. By doing so, it reduces the danger of making a wrong choice between alternate courses of action.

6. Application of scientific methods to marketing research has helped the researchers to arrive at correct consequences.

(ii) Purchasing Power: It refers to extent to which a person, firm, or group has available funds to make purchases. It is the money and credit available for spending and consumption of goods and services. Demand and prices cannot rise beyond the available purchasing power. It is also called 'buying power'. Purchasing power also measures the value of goods that can be bought with a specific amount of a currency. Potential Customers: Customer is someone who has already purchased goods or services. Potential customer is someone who is capable of becoming a purchaser of product and/or services from an organisation. He is someone who may become your customer in the future.

(iii) Primary forces refers to the forces which are close to firm or are within the control of firm. Secondary forces are those which are part of the larger society and are the "uncontrollable" to which companies mould itself.

(iv) The one who buys is a customer and the one who uses the product is the consumer. Buyer of the product and the consumer of the product can be different individuals.

• Generally, a consumer buys for himself or his family whereas customer can also mean the retailer or person who buys from the manufacturer, for ultimate sale to others. The one who buys the product is called a customer.

(v) Following factors influence on pricing:

(a) Internal Factors: It includes:

1. Profit sought from the sale of the toy car: More profit will mean more price.

2. The image sought by the firm through pricing: In case brand name is to be created then additional expenditure is required.

3. Cost of manufacturing of the toy car : More is the cost more will be the price

4. Marketing charges for marketing the product: Extensive marketing will mean more expenses for raising the sales.

5. Price elasticity of demand of the toy car.

(b) External Factors:

1. Nature of competition: If competition is intensive than lesser price will

have to be kept and vice-versa.

2. Bargaining power of major consumers: In case the market is having bargaining customers, then more price will be kept.

(vi) The concept of marketing is usually articulated by the adage “the consumer is the king.” The consumer is the fulcrum and the pivotal point and all marketing activities operate around this central point. It is thus essential that the entrepreneurs identify the customers, establish a rapport with the customers, identify their needs and deliver the goods and services that would meet their requirements. Therefore, it calls for a commitment on the part of the entrepreneurs to their customers.

Market survey informs accurately about the customer’s needs, wants, nature of demand, likes and dislikes and all other related aspects of movement of products from the production stage till the consumption. This provides an edge over competitors to the enterprise.

(vii) Following are the values of a surveyor conducting market survey:

(a) Fairness in conducting a survey

(b) Unselfish motive while conducting survey.

(c) Proper analysis for depicting the correct result

(d) Framing a unique questionnaire for bringing out the correct result from the consumers.

(viii) Market survey is not an useless tool because of the following reasons:

(a) Customer oriented: Market survey informs accurately about the customer’s needs, wants, nature of demand, likes and dislikes and all other related aspects of movement of products from the production stage till the consumption. This provides an edge over competitors to the enterprise.

(b) Minimises risk of the enterprise: The systematic and intelligent use of market survey reduces and minimizes the risk of decision-making under the conditions of uncertainty. This is because the results are analyzed in order to finalize a business plan.

(c) Goal oriented for a firm: Market survey helps in the attainment of goals of the enterprise smoothly and timely. This is because the market survey is designed with the goals and objectives of the enterprise.

(d) Provide correct picture of the markets: As market survey is a systematic collection, recording, analysis and interpretation of data relating to the existing or potential market, it thus provides a complete overview of the market.

(e) Helps in Forecasting: Accurate, effective and timely sales forecast is provided by the market survey. This in turn promotes the firmness and soundness to the marketing decisions. Future decisions become more reliable due to market survey.

(ix) The values which are missing are:

(a) Interest towards customer satisfaction is missing in the departmental store.

(b) Consumer awareness part is not given due to the importance which has long term impact on the business.

(c) Honesty on the part of entrepreneur is missing as the main aim made by the entrepreneur is profit earning.

(d) Quality of services is lacking in the departmental store.

I. Very Short Answer Type Questions [1 Marks]

Question 1. Name the two aspects of marketing.

Answer: There are two aspects controllable and others are uncontrollable.

Question 2. Name the four P's.

Answer: 1. Product 2. Price 3. Place 4. Promotion.

Question 3. Define product.

Answer: A product means something more than a physical commodity.

Question 4. Under product mix, the entrepreneur works out the set of all product lines and items. Why is it done?

Answer: It is done so that the firm can offer for sale to the buyers.

Question 5. The entrepreneur generally decides upon which factors in the physical distribution?

Answer: (a) Channels of distribution (b) Modes of distribution.

Question 6. What are distribution channels?

Answer: Channels of distribution are like pipelines which take the right quantities of the right product to the right location, where the target consumers want them at the right time.

Question 7. What is place or physical distribution?

Answer: Physical distribution is the task of moving the goods and services from the place of production to the place of their consumption.

Question 8. How the physical movement of goods from the place of production to the place of consumption will take place?

Answer: The activities relating to the physical movement of product from

the seller to buyer are:

(i) Transportation (ii) Warehousing (iii) Inventory Control of Products.

Question 9. What do you mean by pricing?

Answer: Pricing is the process of determining what firm will receive in exchange for its products.

Question 10. What is price?

Answer: Price of a product is the amount of money paid by the buyer to own the product or service, i Or

Price is the exchange value of a product.

II. Short Answer Type Questions [2/3 Marks]

Question 1. What are the features of marketing.

Answer: (i) Process: It's a process of discovering and translating consumer needs and wants into products and services. Way: It is a way of creating demand for the products and services:

(iii) Demand: It helps in increasing the demand for the commodity.

(iv) Chain: It activates the production-consumption chain in an economy.

Question 2. List some controllable aspects of marketing.

Answer: Some controllable aspects of marketing are:

- The features of the product
- Its price
- Its selling system, i.e. through own salesmen/retailers
- Its advertisement mode selection, etc.

Question 3. Enlist the points related to 'Total Offer' to the consumer by the entrepreneur.

Answer: (i) Needs: The offer fulfils the needs of the consumer

(ii) Beneficial: The terms and attributes of the offer are acceptable and beneficial to the : consumers.

(iii) Goals: All the organizational goals, including profits, are achieved in the process.

Question 4. Give the concept of marketing mix given by James Culliton, Neil H. Burden and Jerome McCarthy.

Answer: James Culliton, the American marketing expert who coined the expression 'Marketing Mix' and described manager as a "Mixer of

Ingredients”.

Neil defined the marketing mix as “The apportionment of efforts, the combination, the designing and the integration of the elements of marketing into programme or mix.” Jerome McCarthy, described the mix in terms of the four P’s viz. product, price, place and promotion.

Question 5. Enlist the dimensions with reference to proposed products.

Answer: The dimensions in reference to their proposed product are:

1. Volume of output, sales growth potential
2. Shape, size, weight, colour, features
3. Quality and standard of the product
4. Design and range
5. Brand name
6. Packaging and labeling
7. Product testing
8. After sale service.

Question 6. Give the classification of product on the basis of nature of the product.

Answer: Product can be classified on the basis of:

- (a) Durability: perishable, non-durable, durable services
- (b) Utility: capital/producer goods, consumer goods, intermediary goods
- (c) Weight wise: heavy and bulky goods, voluminous goods standard quality products satisfy the society.

Question 7. Give the features of place or physical distribution.

Answer: (i) It is the task of moving the goods and services from the place of production to the place of their consumption.

(ii) It creates both place and time-utility to a product.

(iii) It makes a product convenient to be purchased when it is needed.

(iv) It determines whether goods are to be marketed through wholesalers, retailers, retail outlets on any other channel.

Question 8. Which mode of transportation are available to the producers?

Answer: It takes place using following modes of transportation:

- (1) Railways
- (2) Roadways
- (3) Waterways
- (4) Airways
- (5) Pipelines.

Question 9. Which variables should be studied by the entrepreneur before selecting any mode of transferring goods?

Answer: An entrepreneur should study, compare and evaluate following variables before selecting any mode of transferring goods.

- (i) Cost
- (ii) Flexibility
- (iii) Availability

(iv) Nature of commodity (iv) Requirement of customer (v) Duration involved
(vi) Speed and safety parameters.

Question 10. What is promotion mix?

Answer: Promotion mix deals with the activities which are undertaken to boost the sales through its sub-components tools.

Question 11. Describe the role of Promotion mix.

Answer: The role of promotion mix is as follows:

- (1) Image: It does the image building work of the product.
- (2) Identity: It creates product identity
- (3) Education: It educate consumers about the matters related to the product.
- (4) Sales: It boosts sales and profits of the firm.
- (5) Satisfaction: It ensures consumer's satisfaction
- (6) Memory: Keep memory alive for a product in economy.
- (7) Innovation: It encourages innovation of any type in the product.

Question 12. What care must be taken while evaluating a promotional tool?

Answer: The entrepreneur should evaluate by considering the following points:

- Cost • Effectiveness • Objective • Coverage
- Market trend • Competitors tool • Nature of the product • Consumer targeted.

Question 13. Explain the two major components around which the price revolves.

Answer: Price revolves around two major components:

- (a) **Utility:** The generic property of the product to satisfy the need or want of the consumer.
- (b) **Value:** The quantitative worth the consumer fixes to the product, for which he is willing to part with a certain quantity of money.

Question 14. Which factors must be considered while fixing the price?

Answer: Following factors must be worked out before fixing the price of the commodity by the entrepreneur:

- (a) Cost of the product
- (b) Demand for the product
- (c) Competition in the market
- (d) Government regulations related to

pricing

- (e) Consumer behaviour (f) Objectives of the enterprise
- (g) Terms of credit.

Question 15. List some methods used for pricing.

Answer: The main methods of pricing are:

- (a) Cost Plus Pricing Method (b) Variable Price Method
- (c) Base Price and Discounts Method (d) Market Rate Method
- (e) Skimming Price Method (f) Penetrating Pricing Method

Question 16. What points must be considered in marketing mix to boost sales and capture the market area?

Answer: Following points must be considered in Marketing Mix to boost sales and capture market area:

- Properly Planned Aiming at Progressive Growth of Enterprise
- Realistic and Attainable
- Flexible but Deterministic
- Effective and Efficient.

The entrepreneur should not hesitate to take expert opinion before compiling a marketing mix.

Question 17. Enlist some product variables of the marketing mix.

Answer: Product variables include quality of components of materials, style, features, options, brand name, sizes, packaging, service availability warranties, pre-sale and after sale services, etc.

Question 18. Enlist some Price variables of the marketing mix.

Answer: Price Variables include Pricing policies, levels of prices, level of margins, discounts/ rebates, terms of delivery, payment terms, credit terms and instalment, facilities resale price, maintenance, cost, quality image, etc.

III. Short Answer Type Questions [4 Marks]

Question 1. Enlist some place variables of the marketing mix.

Answer: Place (Distribution) variables comprise channel of distribution, types of intermediaries, channel design, location of outlets, channel remuneration and dealer – principal relations, length of channel, physical

distribution, transportation, warehousing, inventory levels, order processing.

Question 2. Give some promotion variables of the marketing mix.

Answer: Promotion variables includes personal selling: objectives, level of efforts, quality of sales force, cost level, level of motivation, advertising: media mix, budgets, allocations and programmes sales promotional effects, display, contests, trade promotions publicity and public relations.

Question 3. The story of Asian Paints is a story of 'Distribution Excellence'. Explain.

Answer: Asian Paints was founded in 1942 as a small Indian partnership firm at a time when the paint industry was fiercely competitive Asian Paints through its modern manufacturing facilities offers the widest range of paints among all the paint companies in India, in terms of products shades as well as pack sizes. Asian Paints (AP) captured the top position in the decorative paints segment, with around 39% shares of the organized paint market. The story of AP is a story of 'DISTRIBUTION EXCELLENCE' sky-rocketing a company to marketing leadership. Today, the network with 18,000 retailers across the country, Asian Paints has achieved an enviable position.

IV. Long Answer Type Questions [6 Marks]

Question 1. As the foremost duty of the entrepreneur is to make this 'Total Offer', the needs to perform it very systematically, calculatedly, attentively and step by step. What are the steps?

Answer: Following are the steps:

(a) Step 1- Product: Firstly, choosing the PRODUCT that would meet the identified needs of the chosen consumer group.

(b) Step 2- Distribution: Secondly, by performing various DISTRIBUTION functions like transportation, warehousing, channel management, etc. the consumers conveniently get the product.

(c) Step 3-Promotion: Thirdly, by carrying out a number of PROMOTIONAL measures like advertising, sales promotion, etc. with a view to communicating with the consumer and promoting the product,

(d) Step 4-Pricing: Lastly, by using the PRICING mechanism to achieve the consummation of the marketing process, striking the balance that is acceptable to the firm as well as the consumers.

Question 2. Which factors affect Marketing Mix? Explain.

Answer: While determining suitable marketing mix following factors must be taken consideration:

(a) Consumers' Buying Behaviour: (i) Buying habits (ii) Living habits (iii) Purchasing power (iv) Attitude and Preferences (v) Local environment, situations (vi) Number of consumers of the product

(b) Dealers' Behaviour: The behaviour of wholesalers and retailers is sturned:

(i) Motivation (ii) Structure, practice and attitude of dealers (iii) Financial strength of dealers (iv) Expected change in the behaviour.

(c) Competitors Behaviour: (i) Size and strength of competing units (ii) Number of competitors (iii) Practices and attitudes of the competitors (iv) Motives (v) Trends in demand and supply.

(d) Government Behaviour: It implies government controls regarding: (i) Products (ii) Prices (iii) Competitive Practices (iv) Restrictive Trade Practices (v) Advertising and Promotion.

Question 3. Give some remarkable examples of Promotion mix.

Answer: (a) Onida: The advertising campaign for Onida Television is a brilliant piece of creative work – it challenged the unwritten advertising rule that advertisement had to be pleasing.

(b) Nirma: Nirma took on the then market leader, Surf by product's positioning through creative advertising.

(c) Amul Butter: For many years, Amul Butter has been running a unique type of advertising campaign through hoardings in major cities of the country. These hoardings focus on current events, incorporating a catchy slogan through the clever use of words including either 'Amul', 'butter' or both often using the 'Amul' Cartoon characters.

Question 4. Why is pricing important?

Or

Price is the only element in the marketing mix that produces revenue, the other elements produce cost. Explain.

Answer: Pricing is important because of following reasons:

(a) Key to Revenue: Price and quantity of sales together decide the revenue of any business. Suitable price for the consumer always fetches good revenue.

(b) Attract Customers's Convenient: Price of the product attracts the customers from other brands also. Brand loyalty can be broken by a

lower price in the market.

(c) **Edge Over Competition:** Good quality at reasonable price always provide advantage to the firm as they then keep themselves in a position to remain ahead of the competitors. In the world of tough competition pricing plays a major role in capturing market.

(d) **Crucial to Profits:** Pricing is crucial to profits. Improper pricing have adverse effect on the profits of any enterprise. This ultimately affect the profit, growth and future of the enterprise.

(e) **Platform for achieving other Objectives:** Short term, long term, primary, and secondary objectives of the firm can only be attained if firms go for profit optimization rather than profit maximization. The various objectives are sought to be realised through pricing.

Question 5. Explain the factors influencing pricing.

Answer: The factors that influence the pricing decisions are of two types:

(a) Internal Factors:

- (i) Marketing objectives of the firm
- (ii) The image sought by the firm through pricing
- (iii) Cost of manufacturing and marketing
- (iv) The uniqueness' and utility of the product
- (v) Price elasticity of demand of the product
- (vi) Composition of the product line of the firm.

(b) External Factors:

- (i) Market characteristics
- (ii) Nature of economy
- (iii) Nature of competition
- (iv) Bargaining power of major consumers
- (v) Bargaining power of major suppliers
- (vi) Competitors pricing policy
- (vii) Government controls/regulations on pricing
- (viii) Societal or social considerations.

Question 6. Describe the tools of Promotion Mix.

Answer: The tools of Promotion Mix are as follows:

- **Personal Selling:** It is an art to induce people to buy the product. It is a real effort to win confidence of the consumers.
- **Advertising:** It is an activity which establishes non-personal contact with the customers regarding the product. It is an effort to sustain the demand for the product.

- **Publicity:** Unpaid mention of the enterprise, its product, and brand by the news media in newspaper, journals, radio or television. It is an uncontrolled form.
- **Exhibitions and Demonstration:** Promoting the product, where the enterprise may display product in fairs and exhibitions.
- **Public Relations:** The enterprise may start public contact programmes to introduce the product in the market.
- **Sales Promotion:** It is an effort to stimulate customers to buy more and more of particular commodities like buy one get one free, discount coupons, etc.

Question 7. Enlist the factors determining the choice of channel.

Answer: (a) Nature of the product: On the basis of nature of product the following factors determine channel of distribution—Unit value, Perishable products, Size and weight, Standardized products, Technical products, Capital goods, Introduction of newly manufactured products.

(b) Nature of Market: On the basis of nature of market, the following factors determine channel of distribution, location, quantity of production, number of buyers, consumers of industrial products, Buying habits of consumers, credit facilities.

Middleman: On the basis of middleman following factors determine channel of distribution— availability, customs of the trade, competence of managers, government control. Tendency of Producer: On the basis of tendency of producer the following factors determine channel of distribution—quantity of production, control over channels, Competence of managers, financial position, distribution policy.

Question 8. Describe the common channels of distribution.

Answer: Common methods are as follows:

1. Direct Channels/Zero-level: Here, the producers supply the products direct to the consumers. The producer, here either supplies directly to the consumer or through its retail outlets, for example Single Bakery, frontier biscuits, bata shoe company, etc. Producer → Consumer

2. Indirect Channels: Here, the producers supply their products through one or more intermediaries. Following are the types of indirect channels:

(i) Producer-Retailer-Consumer (One level channel): Producer sells the product to retailer, who in turn sells to the consumer, for example producers of refrigerators, washing machines, etc.

Producer → Retailer → Consumer

(ii) Producer-Wholesaler-Retailer-Consumer (Two level channels): Here,

two intermediaries, viz. the wholesaler and retailer are involved between the producer and the consumer, for example sugar, soaps, ghee, grains, etc.

Producer -> Wholesaler -> Retailer -> Consumer (ii)

Producer-Agent-Wholesaler-Retailer-Consumer (Three level channels):

Here the producers take the help of agents who, in turn, supply to wholesalers and then through the retailers, the goods ultimately reach the consumers. Hindustan Levers appoints the agents or distributors who sell both to the wholesalers and retailers for onward distribution to consumers.

Producer -> Agent -> Wholesaler -> Retailer -> Consumer

Question 9. Describe the benefits from marketing mix.

Answer: The benefits of marketing mix:

(a) Product Oriented:

- It is according to the needs of customers.
- It reflects saleable quality.
- It gives scope for improving the quality.
- Attractive designing and packaging is possible.
- After sales services become strength.

(b) Price Oriented Benefits:

- Determination of price according to the paying capacity of customers.
- Fair pricing of the product can be done.
- Credit facility can be provided/availed.
- Discount and allowance can be provided.

(c) Promotion Oriented:

- Advertising can be done for raising sales.
- Sales promotion is possible.
- Helps personal selling.

(d) Distribution Oriented:

- Availability at the right place is possible.
- Availability through convenient outlets.

