

NCERT SOLUTIONS

CLASS - 12th



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Class : 12th

Subject : Business Studies

Chapter : 11

Chapter Name : Marketing

Q1 State any two advantages of branding to marketers of goods and services?

Answer. Branding has the following advantages to the marketer -

1. It enables product differentiation due to which the customers are able to distinguish the brand from others.
2. It also helps in the advertisement of the product.

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Q2 How does branding help in differential pricing?

Answer. The brand is the unique Name given to a product. It helps in creating a perception about the quality of the brand and distinguishes it from other brands. Thus a marketer can charge different price for the brand as compared to its competitor's brand price.

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Q3 What is the societal concept of marketing?

Answer. The societal concept of marketing deals with the social, ethical and ecological aspects of marketing along with the economic aspect of marketing. Thus it gives due importance to ethics and values.

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Q4 List the characteristics of convenience products.

Answer. The characteristics of convenience products are as follows -

- These goods don't require much effort and time to be purchased and can be purchased at convenient locations.
- They have regular and continuous demand.
- They are purchased in small quantities and the per unit price of these products is low.

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Q5 Enlist the advantages of packaging of consumer products.

Answer. Importance of Packaging -

1. It helps in keeping the product clean and thus the health and safety of the customer is given due attention.
2. The customer can decide the product he want to purchase by seeing the packaging.
3. Innovative packaging can help a firm in differentiating his product from that of his competitors.

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Q6 What are the limitations of advertising as a promotional tool? Enlist.

Answer. Following are the limitations of advertising as a promotional tool -

1. It is formal in nature and don't make a relationship with the customer.
2. It is very costly.
3. It doesn't provide the opportunity to get feedback.
4. It is less effective as compared to direct contact with the customers.

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Q7 List five shopping products purchased by you or your family during the last few months.

Answer. Five products purchased by me or by my family are -

1. Clothes
2. Cosmetics
3. Home decor
4. Watch
5. Hand bags

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Q8 A marketer of colour TV having 20% of the current market share of the country aims at enhancing the market share to 50 per cent in the next three years. To achieve this objective he specified an action programme. Name the function of marketing being discussed above.

Answer. Planning function of marketing is being discussed in the above case.

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Q1 What is marketing? What functions does it perform in the process of exchange of goods and services? Explain.

Answer. Marketing refers to a system of business activities which aims at promoting and selling a product in the market. It includes designing the marketing plan, determining the price and promotional techniques and distributing the products. It involves various activities to be performed which includes the following -

1. Gathering and Analysing Market Information to target a market and reach the potential customers.

2. Marketing Planning to design appropriate plans to target the customers.
3. Product Designing and Development to attract new customers.
4. Standardisation and Grading to provide good quality output.
5. Packaging and Labelling to provide information about the product.
6. Branding to design a name for the product which distinguishes it from other products.
7. Customer Support Service to provide after sales service to customers and to solve their grievances, if any.
8. Pricing of Product to determine the market price of the product.
9. Promotion to inform potential customers about the product.
10. Physical Distribution to actually deliver the product to the customers.
11. Transportation for the physical movement of product from one place to another.
12. Storage and warehousing to provide storage facilities for maintaining inventory of the product.

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Q3 Product is a bundle of utilities. Explain.

Answer. It is true that a product is a bundle of utilities. Utility is provided by those goods which have the want satisfying power. Since a product is purchased for satisfying various needs of the customers who belong to diverse backgrounds, hence it is a bundle of utilities. A product can be used to satisfy more than one want of the customers. It provides three types of benefits to a customer - (i) functional benefits (ii) psychological benefits and (iii) social benefits.

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Q6 Describe the functions of labeling in the marketing of products.

Answer. Labelling refers to the process of providing details about the product by printing information about the product, its ingredients, usage method and precautionary steps etc. The functions performed by labelling are -

→ Describe the Product and Specify its Contents -

Labelling helps in describing a product by providing various information like its ingredients, usage method and precautionary steps etc.

→ Identification of the Product or Brand -

Labelling also helps in identifying a product or a brand and thus helps in distinguishing it from other products. For ex. we can find out favourite chocolate from amongst many chocolates due to its unique labeling.

→ Grading of Products -

Labeling also helps in grading a product on the basis of the information provided in it and thus helps in categorising the product as good quality or bad quality product. For ex. tea is sold under different labels like red tea, green tea etc.

→ Help in Promotion of Products -

Labeling of a product also helps in the promotion of the product. A label provides information about the promotional policies of the company like discount available or other schemes.

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Q7 Discuss the role of intermediaries in the distribution of consumer non-durable products.

Answer. The intermediaries play an important role in the distribution of consumer non-durable products which is detailed below -

1. Sorting - The middlemen or the intermediaries purchases a large quantity of a variety of one product. They then sort the product on the basis of quality, packaging etc.
2. Accumulation - The intermediaries like wholesalers procure goods in large quantities and thus maintain huge inventory. It helps in continuous supply of goods in the market.
3. Allocation - Allocation of products refer to grouping of large quantities of homogeneous products into smaller parts so that they can be resold to the retailers.
4. Promotion - The middlemen also helps in promoting the products by using the sales promotion techniques. They may adopt methods like display of products, holding contests etc.

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Q8 Explain the components of physical distribution.

Answer. The main components of physical distribution are as follows -

→ Order Processing -

The time taken to process orders of the consumer should be reduced using modern technology in order to satisfy a consumer. If the order processing takes longer time then the consumer will be dissatisfied.

→ Inventory Control -

Adequate amounts of inventory should be maintained by the company in order to distribute it to the consumers whenever they demand. However maintaining excessive amounts of inventory will cost more to the company and thus a balance must be maintained between the two.

→ Warehousing -

Warehousing refers to the process of storing goods from the time of production to the time of consumption. It helps in creating time utility.

→ Transportation

It creates place utility. It refers to the carrying of raw materials or finished goods from one place to another. The most important thing to be kept in mind is that the value addition by transportation should be greater than the cost of transportation

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Q9 Define advertising? What are its main features? Explain.

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

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

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

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

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Q10 Discuss the role of 'sales promotion' as an element of promotion mix.

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

- Creation of demand for the product.
- Educating the consumers about new products or new uses of the old product.
- Building brand loyalty for the product among the consumers.

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Q11 As the marketing manager of a big hotel located at an important tourist destination, what societal concerns would be faced by you and what steps would you plan to take care of these concerns? Discuss.

Answer. The societal marketing concept holds that the task of any organisation is to identify the needs and wants of the target market and deliver the desired satisfaction in an effective and efficient manner, so that the long term well-being of the consumers and the society is taken care of. In case any business activity encourages pollution, deforestation, storage of resources, population explosion, then its benefits can not be justified. As marketing manager of a big hotel located at an important tourist destination certain care need to be taken regarding environment.

- Proper drainage facility
- In-built plant for re-cycling the waste
- Solar geysers to be used
- Rain water harvesting
- proper maintainance of greenery-lawns, parks, gardens
- CNG based vehicles to be used to provide transport facility to the guests.

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Q12 What information is generally placed on the package of a food product? Design a label for one of the food products of your choice.

Answer. The following information is normally placed on the package of good product

- Name of the product
- Brand name
- Veg/Non-veg sign (green/red dot)
- Price
- Manufacturing date and date of expiry
- Ingredients
- Net weight
- Directions for use
- FPO mark
- Preservatives used

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Q13 For buyers of consumer durable products, what 'customer care services' would you plan as a manager of a firm marketing new brand of motorcycle. Discuss.

Answer. For marketing motorcycles, the following customer care services can be planned

- Specified period warranties
- Easy monthly instalments
- Exchange offer
- 0% finance scheme

→ Free servicing

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Q2 What is marketing mix? What are its main elements? Explain

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

→ Product Mix

Product mix basically concerns with the features related to a product e.g., range, quality, size, labelling, packaging, branding etc. All products must satisfy consumer needs and expectations. It aims at providing good quality products at fair prices.

→ Price Mix

It includes decisions relating to price determination, discounts and allowances credit terms. It covers pricing objectives and pricing policies. Price should cover not only cost of production and selling expenses but also a reasonable profit margin. The price policy adopted by the enterprise should not only be cost based but also demand based and competition based.

→ Place Mix

Place mix links the seller and buyer. The choice of channels of distribution and transport are the two major issues here. There are various factors which help in deciding the channel e.g., the time and the place, where the goods have to reach or transportation.

It is the nature of goods, place of destination, cost and availability etc.

→ Promotion Mix

It refers to all marketing activities to increase the volume of sales of the product of an enterprise. It consists of means of marketing communication with a view to informing and persuading the prospective buyers to buy a certain product. It includes advertising, personal selling, publicity and sales promotion.

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Q3 How does branding help in creating product differentiation? Does it help in marketing of goods and services? Explain.

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

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Q4 What are the factors affecting determination of the price of a product or service? Explain.

Answer. There are number of factors which affect the fixation of the price of a product. Some of the important factors in this regard are discussed as below

→ Product Cost

The cost sets the minimum level or the floor price at which the product may be sold. There are broadly three types of cost—fixed costs, variable costs and semi variable cost. Total cost is the sum of all these three. Generally, all firms try to cover all their costs, atleast in the long Sun. In addition, they aim at earning a margin of profit over and above the costs.

→ The Utility and Demand

The utility provided by the product and the intensity of demand of the buyer sets the upper limit of price, which a buyer would be prepared to pay. Infact the price must reflect the interest of both the parties to the transaction — the buyer and the seller. The buyer may be ready to pay up to the point, where the utility from the product is atleast equal to the sacrifice made in terms of the price paid. The seller would, however, try to cover the costs. According to the law of demand, consumers generally purchase more units at a low price than at a high price.

→ The Extent of Competition in the Market

The price is also affected by the nature and degree of competition. The price will tend to reach the upper limit in case there is less degree of competition while under free competition, the price will tend to be set at the lowest level.

→ Government and Legal Regulations

In order to profit the interest of public against unfair practices in the field of price fixing, Government can intervene and regulate the price of commodities. Government can declare a product as essential product and regulate its price.

→ Pricing Objectives

Pricing objectives are another important factor affecting the fixation of the price of a product or a service. Apart from price maximisation, the pricing objectives of a firm may include.

→ Obtaining Market Share Leadership If a firm objective is to obtain larger share of the market, it will keep the price of its products at lower level, so that greater number of people are attracted to purchase the products.

→ Surviving in a Competitive Market If a firm is facing difficulties surviving in the market because of intense competition or introduction of a more efficient substitute by a competitor.

→ Attaining Product Quality Leadership In this case, normally higher prices are charged to cover high quality and high cost of R & D (Research and Development).

→ Marketing Methods used Price Fixation

Price is also affected by other elements of marketing such as distribution system, quality of salesmen employed, quality and amount of advertising, sales promotion efforts, the type of packaging, product differentiation, credit facility and customer service provided.

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Q5 What do you mean by 'channels of distribution'? What functions do they play in the distribution of goods and services? Explain.

Answer. People, institutions, merchants and functionaries, who take part in the distribution of goods and services are called 'Channels of Distribution'. Channels of distribution are set of firms and individuals that take title or assist in transferring title, to particular goods or services as it moves from the producers to the consumers.

Channels of distribution smoothen the flow of goods by creating possession, place and time utilities. They facilitate movement of goods by overcoming various barriers The important function performed by middlemen are

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

- Accumulation This function involves accumulation of goods into larger homogeneous stock, which help in maintaining continuous flow of supply.
- Allocation Allocation involves breaking homogeneous stock into smaller, marketable lots to sell them to different types of buyers.
- Assorting Middlemen build assortment of products for resale. There is usually a difference between the product lines made by manufacturers and the assortment or combinations desired by the users. Middlemen produce variety of goods from different sources and delivers them in combinations, desired by customers.
- Product Promotion Middlemen also participate in some sales promotion activities, such as demonstration, special display, contests etc. to increase the sale of products.
- Negotiation Channels operate with manufacturers on the one hand and customer on the other. They negotiate the price, quality, guarantee and other related matters with customers, so that transfer of ownership is properly affected.
- Risk Taking In the process of distribution of goods, the merchant middlemen take title of the goods and thereby assume risks on account of price and demand fluctuations, spoilage, destinations etc.

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Q6 Explain the major activities involved in the physical distribution of products.

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

→ Order Processing

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

→ Transportation

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

→ Warehousing

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

→ Inventory Control

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

→ Firm's policy regarding the level of customer service. Higher the level of service, greater will be the need to keep more inventories.

→ Degree of accuracy of the sales forecast. In case more accurate estimates are available, the need for keeping very high level of inventory can be minimised.

→ Responsiveness of the distribution system i.e., ability of the system to transmit inventory needs back to the factory and get products to the market.

→ Cost of inventory, which includes holding cost, such as cost of warehousing, tied up capital etc and the manufacturing cost

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Q7 'Expenditure on advertising is a social waste.' Do you agree? Discuss.

Answer. The opponents of advertising say that the expenditure on advertising is a social waste as it adds to the cost, multiplies the needs of the people and undermines social values. The proponents, however argue that advertising is very useful as it increases the reach, brings the per unit cost of production down and adds to the growth of the economy.

Following are the points of criticism

→ Adds to Cost

The opponents of advertising argue that advertising unnecessarily adds to the cost of product, which is ultimately passed on to the buyers in the form of high prices. It is line that advertisement of a product cost lots of money but it helps to increase the demand for the product as large number of potential buyers come to know about the availability of the products, its features etc and are persuaded to buy it. This increases the demand and therefore the– production. As a result, the per unit cost of production comes down as the total cost is divided by larger number of units.

→ Undermines Social Values

Advertising undermines social values and promotes materialism. It breeds discontentment among people as they come to know about new products and feel dissatisfied with

their present state of affairs. This criticism is not entirely time. Advertisement in fact helps buyer by informing them about the new products which may be improvement over the existing products.

→ Confuses the Buyers

Another criticism against advertisements is that so many products are being advertised which makes similar claims that the buyer gets confused as to which one is true and which are should be relied upon, e.g., there are so many brands of soaps, shampoos, cars, TVs, cell phones etc which are advertised. The supporters of advertisement, however argued that we are all rational human beings who make our decisions for purchase of products on factors, such as price, style, size, etc. Thus the buyers can clear their confusion by analysing the information provided on the advertisements and other sources before taking a decision to purchase a product.

→ Encourages Sale of Inferior Product

Advertising does not distinguish between superior and inferior products and persuade people to purchase even the inferiors products. The desired level of quality will depend on the economic states and preferences of the target customers. Advertisements sell products of a given quality and the buyers will buy, if it suits their requirements.

→ Some Advertisements are in Bad Taste

Another criticism against advertising is that some advertisements are in bad taste. They show something which is not approved by some people. Some advertisement spoil the relationship between employer and employee, husband and wife etc.

From the above discussion, we have learnt that through advertisements are criticised but still they have their own advantages. It is not a social waste, rather it adds value to the social cause by giving a boost to production and generating employment.

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Q9 Explain the factors determining the choice of channel of distribution.

Answer. One of the important decisions of marketing involves the choice regarding which channel of distribution to opt for. The following factors determine the choice of channels.

→ Product Type : The choice of channel of distribution is based on the type of the product that is produced. It is important to check whether the product is perishable or non-perishable, whether it is an industrial or a consumer product, whether its unit value is high or low and also, the degree of complexity of the product. For instance, if a good is perishable then short channels should be used rather than the long ones. Similarly, if a product has a low unit value then longer channel are preferred. In a similar manner, consumer products are distributed through long channels while industrial products are distributed through short channels.

→ Characteristics of the Company : The two important characteristics of a company that affect the choice of channel are its financial strength and the degree of control that the company wishes to hold on the intermediaries. Shorter channels require greater funds than longer channels and also offer greater control over the members of the channel (intermediaries). Thus, companies that are financially strong or wish to command greater control over the channel of distribution opt for shorter channels of distribution.

→ Competitive Factors : The degree of competition and the channels opted by other competitors affect the choice of distribution channel. Depending on its policies a company can adopt a similar channel as adopted by its competitors or opt for a different channel. For example, if competitors of a company opt for sale through retail store, it may also do the same or it can opt a different channel such as direct selling.

→ Environmental Factors : Environmental factors such as economic constraints and legal policies play an important role in the choice of channel of distribution. For example, requirement of complex legal formalities at each step of distribution induces the companies to opt for shorter channels.

→ Market Factors : Various other factors such as size of the market, geographical concentration of buyers, quantity demanded, etc. also affect the choice between the channels. For instance, if potential buyers are concentrated in a small geographical area then, shorter channels are used. As against this, if the buyers are dispersed in a larger area then longer channels of distribution may be used.

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