

Gujarat Board Textbook Solutions Class 12 Organization of Commerce and Management Chapter 10 Marketing Management

1. Select the correct alternative and write answer to the following questions :

Question 1. What is market mix in marketing management?

- (A) Product, production, physical distribution and price
- (B) Product, transportation, market and customer
- (C) Product, competitors, government and others
- (D) Product, price, promotion and physical distribution.

Answer:

- (D) Product, price, promotion and physical distribution.

Question 2. In marketing management is at the centre.

- (A) Product
- (B) Production
- (C) Customer
- (D) Profit

Answer:

- (C) Customer

Question 3. What is the main objective of branding?

- (A) Making the product more durable
- (B) Manufacturing the product according to law
- (C) Advertising the product
- (D) Differentiating company's product from the competitors

Answer:

- (D) Differentiating company's product from the competitors

Question 4. When the manufacturer sells the product directly to the customer, what can be said about the levels in distribution channel?

- (A) One
- (B) Two
- (C) Three
- (D) Zero

Answer:

- (D) Zero

Question 5. What is to be done by promotion?

- (A) Increasing the price
- (B) Increasing the sales
- (C) Increasing the production
- (D) Making necessary changes in the product

Answer:

(B) Increasing the sales

Question 6. Which of the following is the function of a salesman in personal selling?

- (A) Presentation of product before the potential customer
- (B) Packing the product
- (C) Personal use of the product
- (D) Appointing new salesman

Answer:

(A) Presentation of product before the potential customer

Question 7. Because of promotion techniques

- (A) The customer gets inspired to buy the product quickly
- (B) The customer does not try to understand the product
- (C) The middlemen stops selling the products to the customer
- (D) The retailers stop purchasing goods from the middlemen

Answer:

(A) The customer gets inspired to buy the product quickly

Question 8. Which of the following is the function of a marketing manager?

- (A) Making the goods consumable
- (B) Storages of goods
- (C) Market segmentation
- (D) Sales

Answer:

(A) Making the goods consumable

Question 9. What can happen because of excessive advertisement expenses?

- (A) It raises price of the product
- (B) The product becomes more attractive
- (C) It improves quality of the product
- (D) The product is available everywhere

Answer:

(A) It raises price of the product

Question 10. In public relation, an effort is made to create the positive environment among all the parties involved with the business towards the company.

- (A) This statement is true.
- (B) This statement is true only for the middlemen and retailers.
- (C) This statement is true only for the potential customers.
- (D) This statement is false.

Answer:

(A) This statement is true.



2. Answer the following questions in one sentence each :

Question 1. What is marketing management?

Answer:

“Marketing process is a business activity in which products or services are diverted from the producer to the consumer.”

Question 2. Give meaning of market research.

Answer:

Marketing research is a process of collecting information regarding scope of market, taste and preference of consumers, etc. analyzing the data statistically and coming to some logical conclusions.

Question 3. What is personal selling?

Answer:

The activity of presenting the product – before the potential customers, solving their doubts and converting them into actual buyers by a salesmen is called personal selling.

Question 4. What is sales promotion?

Answer:

According to Kotler, “Sales promotions are short-term incentives that encourage the customer to buy the product or service.”

Question 5. What is promotion-mix?

Answer:

Promotion mix is a group of tools to create awareness about the product and services among consumers so that they can be attracted and motivated to purchase.

Question 6. What is branding?

Answer:

When the product of one producer can be easily identified from that of products of other producers and no one else can copy it by using name, logo, number, design on the label, etc. it is known as branding.

Question 7. Give meaning of ‘publicity’.

Answer:

Any form of non-personal presentation of goods, services or ideas done through public media which is free of charge is known as publicity.



3. Answer the following questions in short :

Question 1. List out the advantages of labeling.

Answer:

- A label differentiates the product of one producer from that of other competitors.
- Through label a unique identity gets created for the product.
- Once the label becomes famous, the consumer easily identifies the product through that label.
- Labels also help to prevent cheating of consumers through fake products.
- It is also easy for the company to advertise the product if it retains the label properly.
- Labeling ensures product quality.

Question 2. What is the need of 'storage of goods'?

Answer:

Storage of products:

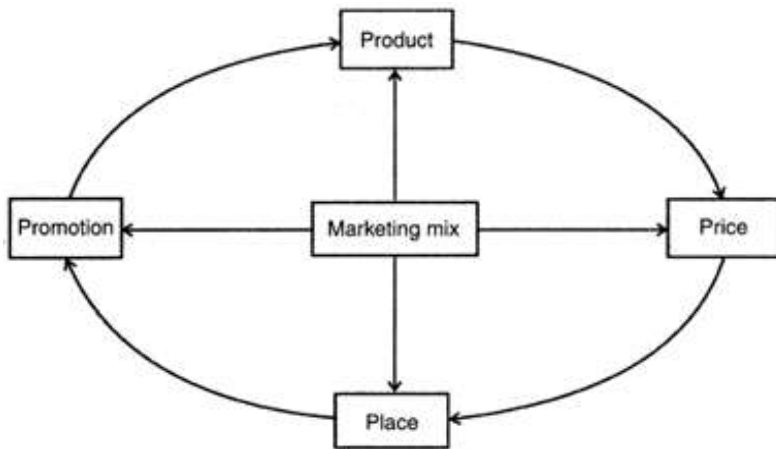
- Products once produced do not necessarily get sold immediately.
- Products are put into market when the demand arises. It is important to build a balance between demand and supply of goods which in turn will enable better sales.
- Since, production is done on the basis of future demand, there arise the need of storing it.
- It is utmost important that during the storage the quality of the product does not deteriorate.

Question 3. What is marketing-mix? What it includes?

Answer:

- The marketing mix is the foundation model in marketing.
- Marketing mix can be defined as the "set of marketing tools that the firm uses to attain its marketing objectives".
- Under marketing mix, the firm has to take several marketing decisions that fall under four categories namely,
 1. Product,
 2. Price,
 3. Place and
 4. Promotion.
- These four constituents of the marketing mix are also known as 4Ps (Product, Price, Place and Promotion.)
- Thus, marketing mix is a base on which the firm establishes various policies and undertakes decision so as to launch the product successfully.
- A business unit does not has control over external factors, but can certainly control the 4Ps of marketing mix to a much larger extent to satisfy and attract the consumers.





Question 4. State any two characteristics of branding.

Answer:

1. Branding makes people trust the consistent quality that they expect from the said brand.
2. Specific colours are used while labeling and creating designs for a brand. Also, specific pattern or designs are used to symbolize the brand.

Question 5. State any two characteristics of a good salesman.

Answer:

Characteristics of a good salesman:

1. Salesman should be smart, interactive and physically fit.
2. Salesman should be good in communication, intelligent and efficient.

4. Answer the following questions in brief :

Question 1. Explain the difference between selling and marketing.

Answer:

Difference between selling and marketing:

Point of difference	Marketing	Selling
Meaning	The identification of the needs of the consumer through the process of creating profit and consumer satisfaction is called marketing	Exchange of goods or service for money is known as selling
Area of Work/ Scope	The scope of marketing is very wide. It includes understanding the requirement of consumer, develop new products, determining price and provide after sale service	The scope of selling is limited to the transfer of ownership of products from the seller to the consumer.
Objective	To earn profit through customer satisfaction	To earn profit by selling products and services
Parties	Suppliers of product, middlemen involved in sale distribution, consumers, etc.	Buyers and sellers
Beginning and End	Marketing process begins with market research and ends with after sales service.	Sales begin after production and ends with providing goods or service to consumer
Need for Capital	Storing products, gradation, packing, labeling, transportation of goods requires considerable working capital.	Since the scope of work is quite narrow, less working capital is needed.
Direction of Efforts	Efforts are made in manufacturing the product as per the need of consumer and making them reachable to consumer.	Efforts are made towards preparing consumers to accept the existing product.

Question 2. Explain the role of public relation.

Answer:

Role of publicity in promotion mix:

- Publicity is considered to be the most reliable component of promotion mix.
- The company need not pay anything for publicity of its product and hence it is the cheapest promotion tool.
- Sometimes publicity includes the task of public relations in which the marketing manager can give more information with fewer efforts.
- Mass communication along with gained reliability on the company makes publicity more effective.
- Publicity creates awareness among potential customers about the product or the company. This way it directly boosts the selling efforts of sellers and distributors.

Question 3. Explain the selling concept in marketing management.

Answer:

Selling concept:

- The selling concept holds the idea that “consumers will not buy enough of the firm’s products unless it undertakes a large-scale selling and promotion effort”.
- Hence, the company believes it should undertake aggressive production and selling steps.
- Company adopts aggressive marketing methods, large scale advertising campaigns, direct selling, etc.
- Here efforts are made to create demand for products being produced and sell rather than understand the demand and produce accordingly.
- The complete emphasis is not given on the need of consumer but to sell what the company is producing.
- This concept ignores customer satisfaction and keeps on producing, selling and dumping in the market whatever is produced.

Question 4. Mention the characteristics of a ‘good salesman’.

Answer:

Characteristics of a good salesman:

- Salesman should be smart, interactive and physically fit.
- Salesman should be good in communication, intelligent and efficient.
- The most important quality about a salesman is his ability to talk with the potential consumers, style of presenting the product before a customer and the ability to convince a customer.
- The salesman should have all the necessary information about the product he is presenting to a customer.
- Honesty is an essential quality in a salesman. A salesman should be honest and should have a good character. He should be sincere and regular in his work.



- A salesman is the representative of his company and so the way he approaches the consumer tells about his company. Hence, the representative should be polite and genuine so as to create a positive image of the company.
- An ideal salesman should be always enthusiastic, disciplined and ambitious.

5. Answer the following questions in detail :

Question 1. Explain the functions of marketing.

Answer:

1. Marketing Research:

- The first and foremost work in marketing is conducting a market research.
- Marketing research is a process of collecting information regarding scope of market, taste and preference of consumers, etc.
- A large company undergoes large scale production and has to bear high risk of success of the product or service. As a result, when the company wishes to produce some product it becomes necessary to gather knowledge regarding what a consumer wants in the product. Whether the consumer is ready to accept such a product and if yes then what price
- On the basis of such marketing research, information regarding demand, price, competition, etc. can be gathered.
- Methods to collect information include preparing questionnaire and getting it filled from people, observation, obtaining sales data from POS, etc.

2. Collection of product:

- In many cases products are manufactured at different places and they need to be collected centrally. This is known as collection of products.
- Similarly, even producers are scattered at several places. Also, some products are seasonally produced, some products are produced on a small scale and some products need further processing.
- In all these above scenarios, the products are to be collected at desired place for further processes.

3. Transformation of raw material into consumable products:

- Many products require further processing before selling them to general public.
- These unfinished products can be termed as raw material. The further processes on these raw materials make them consumable.
- While processing, care is taken that the final product meets the requirements of the consumers.
- For example, cereals and pulses are cleaned before packing for consumers. Similarly, raw fruits undergo specific ripening methods before sending them in fruit market.

4. Standardization and gradation:

- During the production, it is utmost important to standardize and grade the products.
- Standardization refers to a specific and nearly same colour, feel, size, quantity, etc. for every product or product lot.
- Gradation refers to grading the product on the basis of its quality and other characteristics. For example, fruits are graded as first quality fruit, second quality and so on.
- By grading the products into various categories, the producer can fix different prices for various grades and earn accordingly.
- Thus, products are standardized and graded side by side. Some products even require standardization by government agency.
- Product standardization and gradation helps in earning the faith and loyalty of consumers on the quality of the product.
- In India, AGMARK grades agricultural products whereas Bureau of Indian Standard (BIS) grades industrial products.

5. Labeling the products:

- A label differentiates the product of one producer from that of other competitors.
- Through label a unique identity gets created for the product. Once the label becomes famous the consumer easily identifies the product through that label. For example, Parle-G biscuit has maintained the colour and pattern of its packet since decades and consumers can easily recognize it even while watching it from a distance.
- Labels also help to prevent cheating of consumers through fake products. It is also easy for the company to advertise the product if it retains the label properly.
- Labeling also ensures product quality.

Brand and branding:

- Often, producer gives a name to the product he produces. This name is called brand name or simply brand. Brand name is kept on label of product. (Note: For example, Parle-G is the brand name of glucose biscuits that Parle company produces.)
- Brand can be in the form of name, symbol, number, producers name or a design.

6. Price determination:

To determine the price, the producer needs to estimate various costs involved in the production.

- Some of these costs/expenses include production cost, product packing, insurance, distribution, advertisement, taxes and duties, discounts, etc.
- After calculating all these costs, the producer adds his profit component and determines the final sales price.



- While determining the price, the producer also considers demand for the product and price of the competitor's product.
- Price determination should be done before packing because it is mandatory to print the price of the product on the pack.

7. Packing the product:

- Packing can be considered as the garment for the product.
- Packing does two tasks, providing protection to the product as well as attracting consumers. Depending on the type of product, the producer also prints details regarding the use of the product on the product.
- A variety of materials such as paper, plastic jars, tinned boxes, glass jar, etc. are used to pack different products.

Advantages of packaging:

- Proper packing prevents the goods from getting damaged and makes them easier to transport.
- Packing helps to preserve product quality and its features.
- Consumers easily come to know the price of the product from the packing itself (For example: We can easily make out that a wafer or kurkure pack is worth Rs. 10 without looking at the price.).

8. Storage of products:

- Products once produced do not necessarily get sold immediately.
- Products are put into market when the demand arises. It is important to build a balance between demand and supply of goods which in turn will enable better sales.
- Since, production is done on the basis of future demand, there arise the need of storing it.
- It is utmost important that during the storage the quality of the product does not deteriorate.

9. Transport service:

- As per the demand, the products are transported to required places.
- Different modes of transport such as roadways, railways, waterways and airways are used to ensure constant supply of raw materials and to enable finished product to reach the consumer.

10. Take insurance of the product:

- Numerous risks are associated while storing transporting the product. These risks include theft, fire, decoit, loss due to riots, sinking of product in water, etc.



- So, producers and distributors often insure their goods against such risks.
- Modern producers and distributors take different types of insurance like fire insurance, property insurance, accident insurance, marine insurance, riot insurance, etc.

11. Financial arrangement:

- Each and every activity of marketing requires money or say working capital.
- To satisfy these requirements well planned financial management is required.
- The financial manager decides how much finance to raise and allocate to the various activities.
- For certain seasonal product, advertisements are required in particular season only and so financial arrangement can be done well in advance.

Marketing manager's main duties under marketing process includes:

- Avail finance at the right time
- Organize advertisement campaigns
- Set-up distribution channels
- Branding the product in the market
- Conducting market research, etc.

12. Advertisement:

- The strategy to advertise the product depends on the demand of the product as well as availability of finance.
- How the product has to be marketed depends on the type of product, strategy of advertisement of competitors and the effectiveness of media in creating demand for the product.
- Advertisement contributes towards creating demand for product. This is the reason why after advertising, the demand for such products and services increase.
- In most cases, advertisement campaign at local level proves to be more effective.

13. Sales and distribution system:

- Today's consumer has several options and so he is impatient. As a result, it is essential that products reach the consumers speedily and economically.
- Producers appoint distributors at various regions to achieve this task. Now, in most cases producers distribute goods via. a centralized agency for an entire district or even a state and reduces the burden of the multilevel distribution.
- The sales and distribution network is created according to the type of product.
- If demand for products is very high and continuous in nature, then all the methods are adopted simultaneously.

- In distributorship, it is necessary that the products reach the wholesalers and retailers on time. In some cases, producers also sell products at the place of production (For example: Sale of processed Jams and pickles.)

14. Selling:

- The process in which the product is handed over to the consumer in exchange of money is called selling.
- The middleman plays a very important role in selling function.
- More aggressive distributors having good marketing skills can generate more sales.
- Quite often, the producer directly sells the product to the consumer. This mode of selling is the most effective form of selling.

15. After sales services:

- Marketing does not end at selling.
- After selling, the marketing function has to also take care that the consumers remain happy and loyal.
- For this, it listens to the complaints from consumers, provides facility of replacement of defective product, service and repair.
- Certain products require giving demonstration at the residence of consumers. Such products include air conditioners, television, washing machine, refrigerators, etc. The company needs to employ people having technical knowledge to do this task.
- The company also needs to create after sales service network to carry on service, repair/replacement and listen to complaints of the consumers.

Question 2. Explain the factors affecting the price of a product.

Answer:

Factors affecting pricing:

There are several factors that affect price determination. These are discussed below:

1. Production cost:

- Cost of producing a good that the producer has to bear is the most important of all aspects for determining the price.
- Production cost includes cost borne to procure raw material, labour, production and processing costs, administrative cost, sales and distribution expenses, etc.
- Over and above these costs, if the product is newly launched then there are also several other expenses incurred for promoting the product and putting up in the market. These costs also affect the price and can be considered indirect production cost.
- It is quite obvious that price of a product can never be lower than its production cost.

2. Demand for the product:

- Demand for the product and its price are directly related.
- Factors that affect demand include taste and preference of the consumer, number of consumers, purchasing power of consumer, number of competitors in the market, price of competitor's product, etc.
- The producer may charge a high price if the demand is high, but if the demand is low, the price has to be kept low and competitive.
- In case if the product of competitor is in high demand or if there are more competitors in the market, the producer launching new product might have to lower its price.
- When the market is less competitive, the producer can keep a higher price and earn higher profit.

3. Competition in the market:

- The extent of competition directly affects the price of the product.
- Producers keeps competitive price when the number of competitors are more and competition is high.
- During competition, the prices are also fixed with objectives such as beating the competitor's price, or making their entry or survival difficult in the market or even with an objective to force them to withdraw their product and quit the market.
- Contrary to this, a product having a very high brand reputation can be sold at higher price than the competitors' product (Note: For example, iPhone).

4. Governmental and legal controls:

- Producers of monopolistic products (especially, of daily use) usually charge high price. So, the government imposes control on such business units in order to protect the interest of consumers.
- Prices of products like petrol keep on fluctuating quite frequently. Hence, the government puts a number of legal controls on such products. These factors have to be taken into consideration while determining product price.
- Government also imposes certain regulatory control on products which are essential for life such as lifesaving drugs, petrol, diesel, paper for daily newspaper, etc. So, the producers of these products have to consider these factors too while determining prices.

5. Price determination on the basis of objectives:

Over and above the factors discussed above, there are some other objectives too which the producer might consider while determining the price. Some of them are:

(A) Maximum profit:

Under this objective, the producer determines the price of the product with an aim of



earning maximum profit. He does so either because there is no competition in the market or he has spent heavily in the research and development of the product.

(B) To acquire dominant position in the market:

In most cases the producers keep a very low price of his product so that they can attract maximum customers and dominate the market.

(C) To sustain competition:

When competitors are more and when competition is high, the business firms tend to fix prices lower than or at par with competitors.

6. Economic condition:

- Economic condition of the market plays an important role in determining the price of the product.
- If the economic condition of the country is good, price can be fixed at a higher level and if there is a recession, product price is reduced.

7. Buying behaviour:

- Consumer behavior plays an important role in determining price.
- Behaviour of consumers towards a product is affected by factors such as consumer's habits, social and cultural structure, individual preference, his financial condition, etc.
- Due to these factors, the attitude towards the product may change and it may not get desired or expected response from the consumers. Hence, it is quite important to consider these factors too before determining the price.

Question 3. Explain the sales-promotion techniques.

Answer:

There are various techniques of promoting the sale. Some of these are discussed below:

1. Sale:

When the product is genuinely offered at lower price than its actual price for a limited period of time, it is known as sale. Generally, such technique is used by business units to reduce closing stock.

2. Discount:

When actual price charged for a product is less than its original price it is known as discount. Discount is mostly offered for products that are slightly defective. This attracts a large number of customers.



3. Advertisement coupon:

- A coupon printed in newspaper or circulated through pamphlet or some other modes where in the consumer is given discount on producing the coupons to the seller is called an advertisement coupon.
- There are two objectives of advertisement coupons, first to check how well is the sale response by offering such coupons and second to provide discount to the one who produces the coupons to the seller.

4. Gift:

- Sometimes a small gift is given along with the main product. For example, giving 1 soap free on purchasing 3 soap bars.
- Sometimes the producer gives more quantity for the same price as a part of gift. For example, giving 20% more detergent at the same price.

5. Additional gift:

- The producer assesses the needs of the consumers and offers additional gifts along with the main product to lure them. For example, giving toothbrush free on purchase of a toothpaste.
- Sometimes, product not related with the main product is also given as a gift. For example, offering a toy as a gift in a snack pack.

6. Lucky draw:

In this technique the customer is given a coupon as a code and on a particular day results are declared. The person whose coupon number gets selected in the lucky draw gets a gift. For example, Bharat petroleum gives prize winning coupons on buying of petrol of ₹200/- or more.

7. Facility of interest-free loans:

- Interest-free loan is a loan where in the consumer who buys a product on loan does not need to pay interest.
- This technique is used when the product is high priced and the customer cannot afford to pay the amount all together. For example, interest-free loans is given for purchasing T.V., refrigerators, 2-wheelers, etc.
- In such type of loans, the consumer can take the product to his house after paying a small payment known as down-payment. He needs to pay the balance amount in the form of monthly installments which are interest-free.
- Since, no interest is charged, the consumer gets easily attracted and motivated to purchase the product.



8. Distributing samples:

- Sometimes, small samples are distributed to people so that they can check the product and purchase if they like it.
- Sellers distribute samples of shampoo, soap, oil, pickles, jam, etc. in small sachet.

9. Organizing competitions:

In this concept, during the new product launch, the producers organize competition in order to promote their new product. For example, the company making crayons for children would collect information about the customer by organizing drawing competition for them before launching new colours in the market. Here the winner gets the new product as a prize.

Question 4. Explain in detail the role of advertisement.

Answer:

Role (Functions) of advertisement:

1. Creates demand:

- Advertisement provides information about products to the consumers in the market.
- The information might be in the form of utility of the product, its features, how is it better than others, etc.
- All such information creates a sense of buying and using the product in the minds of people. This is how the demand of the product is created.
- Initially, people might buy the product on trial basis. Once they get used to it, they keep on demanding the product.

2. Benefit of large scale production:

- Advertisement can be targeted to a very large number of consumers at one go. This increases the demand many-folds.
- In order to meet the huge demand, the company has to undergo large-scale production. Large scale production reduces production cost and increases profitability.
- As a result, the company earns more return as compared to the advertisement cost.

3. Product awareness:

- Advertisement helps in providing information about the product to the consumer. The information can be utility of the product, features, how to use the product, etc.
- When a product has more than one usage then through advertisement such information is passed on to the potential consumers.
- Producer also creates a trust in consumer's mind regarding the quality of the product.



- By sharing the trust and satisfaction of current consumers, new consumers can be convinced to purchase the product.
- Thus, there are several ways in which advertisement creates awareness about the product.

4. Helpful in employment generation:

- Due to advertisement, demand for a product or service increases. This leads to rise in employment in several sectors such as production, logistics, service and repair, etc.
- Also, several employment opportunities are created in the field of advertisement itself. This includes employment as copy writers, advertising distributors, film makers, artists, etc.

5. Betterment of standard of living:

Advertisement creates awareness about new and innovative products in the market. Over and above fulfilling basic needs, consumers buy the products for living a comfortable life, a life where in their work can be done faster, and improve their standard of living.

6. Maintenance of quantum of sales:

- When a product is been advertised and repeated over and over several times, it creates a lasting impression and remembrance on the minds of consumers. This is the reason why at the time of purchase, consumer shows a prompt preference for these products.
- Such a policy of advertisement keeps sale at consistent level.
- In fact, products that are continuously advertised generate better sale than competitor's products.