

Unit 11

Part A

1. State any one Marketing Philosophy or concept.

Selling Concept

2. Give an example for the marketing of services.

Speed Post

3. Give the meaning of Product?

In common parlance, the word 'product', is used to refer only to the physical or tangible attributes of a product.

4. What is Packaging?

Packaging refers to the act of designing and producing the container or wrapper of a product.

5. What is Labelling?

Labels are useful in providing detailed information about the product, its contents, method of use, etc.

6. State any one feature of convenience goods.

Those consumer products, which are purchased frequently, immediately and with least time and efforts are referred to as convenience goods.

7. What is a Brand?

This process of giving a name or a sign or a symbol etc., to a product is called branding.

8. Name any one Distribution Channel.

Direct Channel. Producer to Consumer

9. What do you mean by Zero Level distribution channel?

The simplest and the shortest mode of distribution is direct distribution, where in the goods are made directly available by the manufacturers to customers, without involving any intermediary. This is also called zero level channel.

10. What is Publicity?

Publicity generally takes place when favourable news is presented in the mass media about a product or service.

Part B**1. What is Marketing?**

Traditionally, marketing has been described in terms of its functions or activities. In this respect, marketing has been referred to as performance of business activities that direct the flow of goods and services from producers to consumers.

2. Define Marketing.

Phillip Kotler has defined marketing as, “a social process by which individual groups obtain what they need and want through creating offerings and freely exchanging products and services of value with others”.

3. Define Marketing Management.

Philip Kotler has defined Marketing management as the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer values of management.

4. State any two features of Marketing.

- (i) Choosing a target market, say a manufacturer may choose to make readymade garments for children up to the age of 5 years;
- (ii) In respect of the target market chosen, the focus of the process of management is on getting, keeping as well as growing the customers.

5. State any two examples for the things that can be marketed other than product?

Apart from the product, what can be marketed is a service or a person (say political parties persuading to vote for a particular candidate) or an idea (say Red Cross persuading to donate blood) or a place (say Kerala Tourism persuading people to visit Kerala for health tourism).

6. What is Standardization?

Standardisation refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output. Standardisation ensures the buyers that goods conform to the predetermined standards of quality,

7. What is Grading of products?

Grading is the process of classification of products into different groups, based on some of its important characteristics such as quality, size, etc. Grading is particularly necessary for products which are not produced according to predetermined specifications, such as in the case of agricultural products,

8. How do you describe Marketing Mix?

Marketing mix is described as the set of marketing tools that a firm uses to pursue its marketing objectives in a target market. The marketing mix consists of various elements, which have broadly been classified into four categories, popularly known as four Ps of marketing. These are: (i) Product, (ii) Price, (iii) Place, and (iv) Promotion.

9. What do you mean by Consumer Goods?

Products, which are purchased by the ultimate consumers or users for satisfying their personal needs and desires are referred to as consumer products. For example, soap, edible oil, eatables, textiles, toothpaste, fans, etc. which we use for our personal and non-business use are consumer goods.

10. Give two examples for Convenience goods.

Examples of such products are cigarettes, ice creams, medicines, newspaper, stationery items toothpaste. etc.

11. Name any two examples for Durable Products.

Example, refrigerator, radio, bicycle, sewing machine and kitchen gadgets are referred to as durable products.

12. How do you describe Shopping Products?

Shopping products are those consumer goods, in the purchase of which buyers devote considerable time, to compare the quality, price, style, suitability, etc., at several stores, before making final purchase.

13. State any two functions of packaging.

Some of the important functions are as follows:

- (i) **Product Identification:** Packaging greatly helps in identification of the products. For example, Colgate in red colour, or Ponds cream jar can be easily identified by its package.
- (ii) **Product Protection:** Packaging protects the contents of a product from spoilage, breakage, leakage, pilferage, damage, climatic effect, etc. This kind of protection is required during storing, distribution and transportation of the product.

14. State any two objectives of Pricing.

- a) **Obtaining Market Share Leadership:** If a firm's objective is to obtain larger share of the market; it will keep the price of its products at lower levels so that greater number of people are attracted to purchase the products;
- b) **Surviving in a Competitive Market:** If a firm is facing difficulties in surviving in the market because of intense competition or introduction of a more efficient substitute by a competitor, it may resort to discounting its products or running a promotion campaign to liquidate its stock;

15. State any two distinguishing features of advertising.

- a) **Paid Form:** Advertising is a paid form of communication. That is, the sponsor must bear the cost of communicating with the prospects.
- b) **Impersonality:** There is no direct face-to-face contact between the prospect and the advertiser. It is therefore, referred to as impersonal method of promotion. Advertising creates a monologue and not a dialogue.

16. What is Personal Selling?

Personal selling involves oral presentation of message in the form of conversation with one or more prospective customers for the purpose of making sales. It is a personal form of communication.

Part C

17. Discuss briefly any four differences between Selling and Marketing.

The major differences between selling and marketing are listed as below:

- (i) **Part of the Process vs Wider Term:** Selling is only a part of the process of marketing and is concerned with promoting and transferring possession and ownership of goods from the seller to the buyer. Marketing is a much wider term consisting of number of activities such as identification of the customer's needs, developing the products to satisfy these needs, fixing prices and persuading the potential buyers to buy the same. Thus, selling is merely a part of marketing.
- (ii) **Transfer of Title vs Satisfying Customer Needs:** The main focus of selling is on affecting transfer of title and possession of goods from sellers to consumers or users. In contrast, marketing activities put greater thrust on achieving maximum satisfaction of the customer's needs and wants.
- (iii) **Profit through Maximising Sales vs Customer Satisfaction:** All selling activities are directed at maximising sales and, thereby, the profits of the firm. In other words, the emphasis is on profit maximisation through maximisation of sales. Marketing, on the other hand, is concerned with customer satisfaction and thereby increasing profit in the long run. A marketing organisation, thus, attaches highest importance to customer satisfaction as a route to profit maximisation.
- (iv) **Start and End of the Activities:** Selling activities start after the product has been developed while, marketing activities start much before the product is produced and continue even after the product has been sold.

18. Explain the elements of Marketing Mix.

The marketing mix consists of various elements, which have broadly been classified into four categories, popularly known as four Ps of marketing. These are: (i) Product, (ii) Price, (iii) Place, and (iv) Promotion. These are briefly discussed as follows:

1. **Product:** Product means goods or services or 'anything of value', which is offered to the market for sale. For example, Hindustan lever offers number of consumer products like toiletries (Close-Up toothpaste, Lifebuoy soap, etc.). The concept of product relates to not only the physical product as mentioned in the above examples but also the benefits offered by it from customer's view point (for example toothpaste is bought for whitening teeth, strengthening gums, etc.).
2. **Price:** Price is the amount of money customers have to pay to obtain the product. In case of most of the products, level of price affects the level of their demand. The marketers have not only to decide about the objectives of price setting but to analyse the factors determining the price and fix a price for the firm's products.
3. **Place:** Place or Physical Distribution include activities that make firm's products available to the target customers. Important decision areas in this respect include selection of dealers or intermediaries to reach the customers, providing support to the intermediaries (by way of discounts, promotional campaigns, etc.).

4. Promotion: Promotion of products and services include activities that communicate availability, features, merits, etc. of the products to the target customers and persuade them to buy it. Most marketing organisations undertake various promotional activities and spend substantial amount of money on the promotion of their goods through using number of tools such as advertising, personal selling and sales promotion techniques (like price discounts, free samples, etc.).

19.State any four features of speciality products.

Some of the important characteristics of the speciality products may be summed up as follows:

- (a) The demand for speciality products is limited as relatively small number of people buy these products;
- (b) These products are generally costly, and their unit price is very high;
- (c) These products are available for sale at few places as the number of customers is small and are willing to take extra efforts in the purchase of these products;
- (d) An aggressive promotion is required for the sale of speciality products, in order to inform people about their availability, features, etc

20.Briefly explain any four characteristics of industrial products.

The important characteristics of industrial products are given below:

- 1. Number of Buyers: As compared to the consumer products, the numbers of buyers of industrial products are limited. For example, sugarcane is purchased by few producers of sugar, but sugar, which is a consumer product, is purchased by crores of people in our country.
- 2. Channel Levels: Because of limited number of buyers, the sale of industrial products is generally made with the help of shorter channels of distribution, i.e., direct selling or one level channel.
- 3. Geographic Concentration: Because of location of industries at certain points or regions, industrial markets are highly concentrated, geographically. For instance, the demand for power loom comes from Bombay, Sholapur, Bangalore, etc. where the textile industry is concentrated in our country.
- 4. Derived Demand: The demand for industrial products is derived from the demand for consumer products. For example, the demand for leather will be derived from demand for shoes and other leather products in the market.

21. State any four considerations to be kept in mind while choosing a brand name.

- (i) The brand name should be short, easy to pronounce, spell, recognise and remember e.g., Ponds, VIP, Rin, Vim, etc.
- (ii) A brand should suggest the product's benefits and qualities. It should be appropriate to the product's function. e.g., Rasika, Genteel, Promise, My Fair Lady and Boost.
- (iii) A brand name should be distinctive e.g., Liril, Sprit, Safari, Zodiac.
- (iv) The brand name should be adaptable to packing or labelling requirements, to different advertising media and to different languages.

22. How does packaging acquire significance in the marketing of goods?

- (i) **Rising Standards of Health and Sanitation:** Because of the increasing standards of living in the country, more and more people have started purchasing packed goods as the chances of adulteration in such goods are minimised.
- (ii) **Self Service Outlets:** The self-service retail outlets are becoming very popular, particularly in major cities and towns. Because of this, some of the traditional role assigned to personal selling in respect of promotion has gone to packaging.
- (iii) **Innovation Opportunity:** Some of the recent developments in the area of packaging have completely changed the marketing scene in the country. For example, milk can now be stored for 4-5 days without refrigeration in the recently developed packing materials. Similarly, in the area of pharmaceuticals, soft drinks, etc., lots of new innovations have come in respect of packaging. As a result, the scope for the marketing of such products has increased.
- (iv) **Product Differentiation:** Packaging is one of the very important means of creating product differentiation. The colour, size, material etc., of package makes real difference in the perception of customers about the quality of the product.

23. Explain any four functions performed by a label.

The various functions performed by a label are as follows:

- a) Describe the Product and Specify its Contents: Let us look at some of the labels of the products used by us in our day to day life. Package of a brand of Coconut Oil describes the product as pure coconut oil with Heena, Amla, Lemon and specifies how these are good for Hair. Thus, one of the most important functions of labels is to describe the product, its usage, cautions in use, etc. and specify its contents.
- b) Identification of the Product or Brand: The other important function performed by labels is to help in identifying the product or brand. For example, the brand name of any product, say Biscuits or Potato Chips imprinted on its package helps us to identify, from number of packages, which one is our favourite brand.
- c) Grading of Products: Another important function performed by labels is to help grading the products into different categories. Sometimes marketers assign different grades to indicate different features or quality of the product.
- d) Helps in Promotion of Products: An important function of label is to aid in promotion of the products. A carefully designed label can attract attention and give reason to purchase. We see many product labels providing promotional messages

24. Explain briefly any four objections against advertising.

- a) 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. An advertisement on TV, for a few seconds, for example, costs the marketers several lakhs of rupees.
- b) Undermines Social Values: Another important criticism of advertising is that it undermines social values and promotes materialism. It breeds discontent among people as they come to know about new products and feel dissatisfied with their present. Some advertisements show new life styles, which don't find social approval.
- c) Confuses the Buyers: Another criticism against advertisement 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 one should be relied upon.
- d) Encourages Sale of Inferior Products: Advertising does not distinguish between superior and inferior products and persuade people to purchase even the inferior products.

- a) Explain any four functions performed by public relations department of an organisation.
1. **Press relations:** Information about the organisation needs to be presented in a positive manner in the press. Generating news requires skill in developing and researching a story and getting the media to accept press releases is a difficult task. The public relations department is in contact with the media to present true facts and a correct picture about the company.
 2. **Product publicity:** New products require special effort to publicise them and the company has to sponsor such programmes. The public relations department manages the sponsoring of such events. The company can draw attention to new products by arranging sports and cultural events like news conferences, seminars and exhibitions.
 3. **Corporate Communication:** The image of the organisation needs to be promoted through communicating with the public and the employees within the organisation. This is usually done with the help of newsletter, annual reports, brochures, articles and audio-visual materials.
 4. **Lobbying:** The organisation has to deal with government officials and different ministers in charge of corporate affairs, industry, finance with respect to policies relating to business and the economy. The government also seeks to maintain a healthy relationship with associations of commerce and industry and solicits the opinion of major stakeholders while formulating industrial, telecom, taxation policies, etc.

Part D

25. Explain any eight functions of Marketing

- a) **Gathering and Analysing Market Information:** One of the important functions of a marketer is to gather and analyse market information. This is necessary to identify the needs of the customers and take various decisions for the successful marketing of the products and services.
- b) **Marketing Planning:** Another important activity or area of work of a marketer is to develop appropriate marketing plans so that the marketing objectives of the organisation can be achieved.
- c) **Product Designing and Development:** Another important marketing activity or decision area relates to product designing and development. The design of the product contributes to making the product attractive to the target customers. A good design can improve performance of a product and also give it a competitive advantage in the market.
- d) **Standardisation and Grading:** Standardisation refers to producing goods of predetermined specifications, which helps in achieving uniformity and consistency in the output. Standardisation ensures the buyers that goods conform to the predetermined standards of quality, price and packaging and reduces the need for inspection, testing and evaluation of the products.

- e) **Packaging and Labelling:** Packaging refers to designing and developing the package for the products. Labelling refers to designing and developing the label to be put on the package. The label may vary from a simple tag to complex graphics. Packaging and labelling have become so important in modern day marketing that these are considered as the pillars of marketing.
- f) **Branding:** A very important decision area for marketing of most consumer products is whether to sell the product in its generic name (name of the category of the product, say Fan, Pen, etc.) or to sell them in a brand name (such as Pollar Fan or Rottomac Pen). Brand name helps in creating product differentiation, i.e., providing basis for distinguishing the product of a firm with that of the competitor
- g) **Customer Support Services:** A very important function of the marketing management relates to developing customer support services such as after sales services, handling customer complaints and adjustments, procuring credit services, maintenance services, technical services and consumer information.
- h) **Pricing of Product:** Price of product refers to the amount of money customers have to pay to obtain a product. Price is an important factor affecting the success or failure of a product in the market. The demand for a product or service is related to its price. Generally lower the price, higher would be the demand for the product and vice-versa.

26. What is Branding? Explain briefly its advantages to marketers and customers.

This process of giving a name or a sign or a symbol etc., to a product is called branding.

Advantages to the Marketers

- a) **Enables Marking Product Differentiation:** Branding helps a firm in distinguishing its product from that of its competitors. This enables the firm to secure and control the market for its products.
- b) **Helps in Advertising and Display Programmes:** A brand aids a firm in its advertising and display programmes. Without a brand name, the advertiser can only create awareness for the generic product and can never be sure of the sale for his product.
- c) **Differential Pricing:** Branding enables a firm to charge different price for its products than that charged by its competitors. This is possible because if customers like a brand and become habitual of it, they do not mind paying a little higher for it.
- d) **Ease in Introduction of New Product:** If a new product is introduced under a known brand, it enjoys the reflected glory of the brand and is likely to get off to an excellent start. Thus, many companies with established brand names decide to introduce new products in the same name.

Advantages to Customers

- a) **Helps in Product Identification:** Branding helps the customers in identifying the products. For example, if a person is satisfied with a particular brand of a product, say tea leaves or detergent soap, he need not make a close inspection every time, he has to buy that product. Thus, branding greatly facilitates repeat purchase of the products.
- b) **Ensures Quality:** Branding ensures a particular level of quality of the product. Thus, whenever there is any deviation in the quality, the customers can have recourse to the manufacturer or the marketer. This builds up confidence of the customers and helps in increasing his level of satisfaction.
- c) **Status Symbol:** Some brands become status symbols because of their quality. The consumers of those brands of products feel proud of using them and adds to the level of satisfaction of the customers.

27. What is Pricing? Explain the factors affecting price determination.

Price may therefore be defined as the amount of money paid by a buyer (or received by a seller) in consideration of the purchase of a product or a service.

- a) **Product Cost:** One of the most important factor affecting price of a product or service is its cost. This includes the cost of producing, distributing and selling the product. The cost sets the minimum level or the floor price at which the product may be sold.
- b) **The Utility and Demand:** While the product costs set the lower limits of the price, 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.
- c) **Extent of Competition in the Market:** Between the lower limit and the upper limit where would the price settle down? This is affected by the nature and the degree of competition. The price will tend to reach the upper limit in case there is lesser degree of competition while under conditions of free competition, the price will tend to be set at the lowest level.
- d) **Government and Legal Regulations:** In order to protect 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.
- e) **Pricing Objectives:** Pricing objectives are another important factor affecting the fixation of the price of a product or a service. Generally the objective is stated to be maximise the profits. But there is a difference in maximising profit in the short run and in the long run.
- f) **Marketing Methods Used:** Price fixation process 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 services provided

28. Explain the advantages and limitations of advertising.

Merits of Advertising

Advertising, as a medium of communication, has the following merits:

- (i) **Mass Reach:** Advertising is a medium through which a large number of people can be reached over a vast geographical area. For example, an advertisement message placed in a national daily reaches lakh of its subscribers.
- (ii) **Enhancing Customer Satisfaction and Confidence:** Advertising creates confidence amongst prospective buyers as they feel more comfortable and assured about the product quality and hence feel more satisfied.
- (iii) **Expressiveness:** With the developments in art, computer designs, and graphics, advertising has developed into one of the most forceful mediums of communication. With the special effects that can be created, even simple products and messages can look very attractive.
- (iv) **Economy:** Advertising is a very economical mode of communication if large number of people are to be reached. Because of its wide reach, the overall cost of advertising gets spread over numerous communication links established. As a result the per-unit cost of reach comes low.

Limitations of Advertising

The following are the major limitations of advertising as a tool of promotion:

- (i) **Less Forceful:** Advertising is an impersonal form of communication. It is less forceful than the personal selling as there is no compulsion on the prospects to pay attention to the message.
- (ii) **Lack of Feedback:** The evaluation of the effectiveness of advertising message is very difficult as there is no immediate and accurate feedback mechanism of the message that is delivered.
- (iii) **Inflexibility:** Advertising is less flexible as the message is standardised and is not tailor made to the requirements of the different customer groups.
- (iv) **Low Effectiveness:** As the volume of advertising is getting more and more expanded it is becoming difficult to make advertising messages heard by the target prospects. This is affecting the effectiveness of advertising.

29.State any eight differences between Advertising and Personal selling.

Advertising	Personal Selling
Advertising is an impersonal form of communication.	Personal selling is a personal form of communication.
Advertising involves transmission of standardised messages, i.e., same message is sent to all the customers in a market segment.	In personal selling, the sales talk is adjusted keeping view customer's background and needs.
Advertising is inflexible as the message can't be adjusted to the needs of the buyer.	Personal selling is highly flexible. as the message can be adjusted.
It reaches masses, i.e., many people can be approached.	Only a limited number of people can be contacted because of time and cost considerations.
In advertising the cost per person reached is very low.	The cost per person is quite high in the case of personal selling.
Advertising can cover the market in a short time	Personal selling efforts take a lot of time to cover the entire market.
Advertising makes use of mass media such television, radio, newspaper, and magazines.	Personal selling makes use of sales staff, which has limited reach.
Advertising lacks direct feedback. Marketing research efforts are needed to judge customers' reactions to advertising.	Personal selling provides direct and immediate feedback. Sales persons come to know about the customers' reactions immediately.