

CLASS 12 - BUSINESS STUDIES
CHAPTER-11
MARKETING

IMPORTANT QUESTIONS

VERY SHORT ANSWER QUESTIONS (1 or 2 Marks)

QUESTION 1.

A TV manufacturing company is spending substantial amount of money to persuade the target customers to buy its T.V. sets through advertisements, personal selling and sales promotion techniques. Identify the element of marketing mix referred here.

(CBSE BOARD 2015)

Answer. Promotion/ promotion mix.

QUESTION 2.

From producer to retailer to consumer identify the type of channel of distribution.

Answer. One Level channel.

QUESTION 3.

Why is 'Marketing' called a social process?

(CBSE BOARD 2013)

Answer: Marketing is called a social process because nowadays organisations work according to the needs and desires of the target market. A company that adopts the societal concept has to balance the company's profits, consumer satisfaction and society's interests.

QUESTION 4.

Name the concept of marketing which pays attention to the Social, Ethical and ecological aspects of marketing along with consumer satisfaction.

Answer. Societal concept of marketing

QUESTION 5.

How does labeling act as a silent Salesman?

Answer: Labeling act as a silent salesman because it helps in promotion of products by attracting the attention of customers and providing required information.

QUESTION 6.

Name the marketing function which is concerned with the important decision of managing inventory.

(CBSE BOARD 2016)

Answer. The marketing function 'Physical Distribution' is concerned with the important decision of managing inventory.

QUESTION 7.

Name the function of marketing which is concerned with the cost and location of target market.

(CBSE BOARD 2016)

Answer. The function "transportation" is concerned with cost and location of target market.

QUESTION 8.

Name the marketing function which is concerned with informing the customers about the firm's products.

(CBSE BOARD 2016)

Answer. Promotion is the marketing function, which is concerned with informing the customers about the firm's products.

QUESTION 9.

Sunita took her niece, Aishwarya for shopping to 'Benetton' to buy her a dress on the occasion of her birthday. She was delighted when on payment for the dress she got a discount voucher to get 20% off for a meal of Rs 500 or above at a famous eating joint. Identify the technique of sales promotion used by the company in the above situation.

(CBSE BOARD 2017)

Answer. The technique of sales promotion adopted by the company is Usable Benefits.

QUESTION 10.

Mansi took her niece, Ridhima, for shopping to 'Mega Stores' to buy her a bag for her birthday. She was delighted when on payment of the bag she got a pencil box along with the bag free of cost.

Identify the technique of sales promotion used by the company.

Answer. The technique of sales promotion being used by the company is 'Product Combination'.

SHORT ANSWER QUESTIONS (3 or 4 Marks)

QUESTION 11.

Ajay was appointed as a marketing head of 'Alfa Enterprise' manufacturers of toothpaste and toothbrushes. His target sale was 2,000 units a month. Apart from thinking about various channels of distribution to achieve the target he himself started visiting schools in backward areas. He found that even after taking various steps and counselling, some school children had not started brushing their teeth. He investigated and found that they could not afford to buy toothbrush and toothpaste. So with due permission he started donating 200 toothbrushes and toothpastes every month to the school.

- i. Identify the channel of distribution 'Ajay would adopt for distribution of toothpaste and toothbrushes and justify it by giving one reason.
- ii. State any two values which Ajay wants to communicate to the society.

(CBSE BOARD 2013)

Answer:

- i. Ajay should go for the zero-level channel of distribution. This is because he can directly provide products to schoolchildren and form a direct relation with them.
- ii. Values which Ajay wants to communicate to society:
 - a. Promotion of hygienic and healthy habits among school children
 - b. Fulfilment of social responsibility of business

QUESTION 12.

'Though branding adds to the cost, it provides several advantages to the consumers'. In the light of the statement, state any three advantages of branding to customers.

(CBSE BOARD 2013)

Answer:

Advantages of branding to customers:

- **Helps in Product Identification:** helps the customers in identifying the products
 - **Ensures Quality :** Ensures quality of product
 - **Status Symbol:** brands become status symbols because of their quality Eg: Benz cars
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QUESTION 13.

**There are some characteristics that should be kept in mind while choosing a brand name. Explain any two such characteristics that a good brand name should have.
(CBSE BOARD 2015)**

Answer. Characteristics that should be kept in mind while choosing a good brand name:

- i. **Short, easy** to pronounce, spell, recognize and remember
 - ii. Suggest the product's **benefits and qualities**
 - iii. **Distinctive** from other products
 - iv. **Adaptable** to packing or labelling requirements, to different advertising media and to different languages.
 - v. **Versatile** to accommodate new products.
 - vi. Registered and protected **legally**
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QUESTION 14.

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

(a) Name and state the communication tool used by the marketer in the above case to improve its images.

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

Answer.

(a) The communication tool used by the marketer to improve its image is '**Public Relations**'. It refers to the activities undertaken by an organisation to promote and protect the image of an

organisation or its products. It aims at strengthening the relations of the organisation with its interested parties.

(b) The following points highlight the role of public relations.

1. Building public relations helps an organisation to function smoothly and achieve the desired objectives.
 2. Public relations helps the organisation in building customer interest in its established products. This further helps the organisation in building a customer base for its new products.
 3. It helps an organisation in building a positive image for its products. Moreover, an organisation facing negative publicity can use public relations to improve its image and reputation.
 4. Public relations supplements promotion through advertising.
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QUESTION 15.

Your company has setup a food processing unit in Kashmir with a production capacity of 10,000 litres of apple juice per day. The company plans to market the apple juice in tetra pack of 100 mililitres. Design a label for the same.

(CBSE BOARD 2015)

Answer. The following information is to be PROVIDED ON THE LABEL IN ANY FORM

Name of the product/ Real Apple juice

Name of the manufacturer/ Fine Juice Ltd.

Address of the manufacturer/ 54, Chandni Chowk

Net weight when packed/ 200 ml

Manufacturing date/ 20th July 2015

Expiry date/ 20th December 2015

Maximum retail price (MRP)/ 30

Batch number/ D 4567

Directions for use/ To be consumed within 3 days of opening.

Contents/ Juice concentrate, sugar, preservatives.

QUESTION 16.

Ginika, Tanish and Rohit were friends from college days and now they are doing different kinds of business. They regularly meet and discuss their business ideas and exchange notes on customer satisfaction, marketing efforts, product designing, selling techniques, social concerns etc.

In one of such meetings, Ginika drew the attention of Tanish and Rohit towards the exploitation of consumers. She told that most of the sellers were exploiting the consumers in various ways and were not paying attention towards the social, ethical and ecological aspects of marketing, whereas she was not doing so.

Tanish told that they were under pressure to satisfy the consumers, but stated that the consumers would not buy or not buy enough unless they were adequately convinced and motivated for the same.

Rohit stressed that a company cannot achieve its objectives without understanding the needs of the customers. It was the duty of the businessmen to keep consumer satisfaction in mind because business is run by the resources made available to them by the society. He further stated that he himself was taking into consideration the needs of the customers.

Identify the various types of thinking that guided Ginika, Tanish and Rohit in the making efforts of their business. Also, state one more feature of the various types of thinking identified that is not given in the above para.

(CBSE BOARD 2017)

Answer. The concept of thinking followed by **Ginika** is the **Societal Marketing Concept**. According to this concept, organisations should not only identify the immediate needs of the target market, but also aim at long-term well-being and interests of the consumers.

Feature: The emphasis of this thinking, is that the organisation should pay due importance to social and environmental problems such as pollution, deforestation, population explosion and inflation.

The concept of thinking followed by **Tanish** is the **Selling concept**. According to this concept, a consumer would purchase the product only when he is sufficiently convinced regarding the features, quality, etc., of the product.

Feature: This thinking emphasizes that firms must focus on rigorous selling and promotion techniques so as to increase the sale of their product.

The concept of thinking followed by **Rohit** is **Marketing concept**. The marketing concept believes that customer satisfaction plays a vital role in the long-run success of any organisation. Herein, the organisations must aim towards appropriately identifying such needs of customers and satisfying them in an effective manner.

Feature: This thinking emphasizes that a firm should not just independently work towards customer satisfaction, but also aim at satisfying the customers better than its competitors.

QUESTION 17.

Crackers Ltd., a firecracker-manufacturing company, launched some new products on the eve of Diwali, which attracted many buyers. To meet the increased demand, the company employed children from nearby villages. Although the product was in great demand,

appropriate safety warnings for use were not mentioned on the packets that led to many accidents.

(i) Identify and explain the important product-related decision that was not taken into consideration by the company.

(ii) Also, identify any two values that were violated by the company.

(CBSE BOARD 2014)

Answer.

i. **Labelling** refers to providing information about the product in the form of a tag and graphic on the package of the product. It describes the product and specifies its components or other useful information such as the caution to be taken while using it and the procedure of use. Here, the company did not provide proper description on the usage of crackers, which may lead to accidents.

ii. Values which were violated by the company are

(a) Employing children, which is against the child labour law, and

(b) Not protecting the safety of consumers.

LONG ANSWER TYPE QUESTIONS (5 OR 6 MARKS)

QUESTION 18.

There are a number of factors which affect the fixation of the price of a product. Explain any four such factors.

(CBSE BOARD 2015)

Answer. Factors that affect the fixation of price of a product are:

(a) Product cost

(b) Utility and demand

(c) Extent of competition in the market,

(d) Government and legal regulations.

(e) Pricing objectives.

(f) Marketing methods used.

QUESTION 19.

Mediquip Ltd. is a company dealing in distribution of medical equipments. The company recently imported 15000 units of sugar testing machines to test the sugar levels without taking

blood samples. For deciding the marketing strategy, the Chief Executive Officer of the company called a meeting of the marketing heads of different zones. In the meeting, Sandeep, the North Zone Marketing Head, suggested that since the machines were sophisticated they need to visit hospitals personally, explain its working to the hospital staff who would be using the machines. He also suggested that additional trained people may be recruited for the same.

Himanshu, another Zonal Head, added that since lot of money had been spent on the import of the machines, the company was short of funds to pay to the additional staff as suggested by Sandeep.

Rahul, a newly appointed Zonal Head of South Zone suggested that since the size of the order is not large, a detailed study of the factors determining the choice of channels of distribution is required before making the right choice.

(a) Identify the factor influencing the choice of channels of distribution which were discussed in the meeting.

(b) Also, explain briefly the other consideration to be taken care of in each factor identified in part (a).

(CBSE BOARD 2017)

Answer. a. The three factors that are influencing the choice of channels of distribution in the given question are:

1. Product related factors (as the machinery is sophisticated)
2. Company characteristics (as the company do not have enough funds to pay for more employees)
3. Market related factors (as the size of the order is not large)

b. Other considerations in the cases are:

1. Product related factors: The decision regarding the appropriate channel of distribution is largely affected by the classification or the type of a product. Here, it is important to check whether the product is perishable or non-perishable; whether it is an industrial or a consumer product or the degree of complexity of the product. For instance, if a product is complex or sophisticated in nature then it would require shorter channels of distribution and careful handling of the product.

2. Company characteristics: The characteristics of a company play an important role in making a decision regarding the channel of distribution. Generally a company's financial strength and the degree of control that the company wishes to hold on the intermediaries affect the choice of channels of distribution. Keeping the first one in view, a company that is financially strong and has spare funds to spend would opt for a shorter channel of distribution. This is because the shorter channels of distribution generally require a greater amount of funds for activities like hiring more salesman or opening higher number of retail outlets

Similarly, a company that wishes to have a greater control over the intermediaries should also opt for shorter channels of distribution. The reason behind this lies in the fact that the direct or the shorter channels involve minimum numbers of intermediaries and thus are easily

controllable. On the other hand, companies that exercise lesser control over the intermediaries can opt for longer channels of distribution.

3. Market related factors: Factors such as size of the market, geographical concentration of buyers, quantity demanded, etc. also affect the choice between the channels. For example, in case the size of order is small then shorter channels should be adopted, whereas in case of large orders, long channels should be adopted. Similarly, in case the size of market is small then shorter channels should be adopted and if the size of market is large, then long channels should be adopted.

QUESTION 20.

After acquiring the necessary knowledge and skills on starting an Aloevera Farm. Ashok wanted to be the leading manufacturer of Aloevera products worldwide. He observed that the products were expensive as the demand of the products was more than supply. He was also keen to promote methods and practices that were economically visible, environmentally sound and at the same time protecting public health.

Ashok's main consideration was about the amount of money paid by the consumers in consideration of the purchase of Aloevera products. He also thought that competitors prices and their anticipated reactions to be considered for this.

After gathering and analysing information and doing correct market planning, he came to know that the consumers compare the value of a product to the value of money which they are required to pay. The consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money which they would pay.

Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run the business will not be able to survive unless all costs are covered in addition to a minimum profit.

He examined the quality and features of the products of the competitors and the anticipated reactions of the consumers. Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.

The above case relates to a concept which is considered to be an effective competitive marketing weapon. In conditions of perfect competition most of the firms compete with each other on this concept in the marketing of goods and services.

(a) Identify the concept.

(b) Explain briefly any four factors discussed in the above case related to the concept so identified.

(CBSE BOARD 2018)

Answer.

(a) The concept discussed in the given paragraph is price of the product.

(b) Four factors discussed in the above case:

i. Quoted Line: After gathering and analysing information and doing correct marketing planning, he came to know that consumers compare the value of a product to the value of money, which they are required to pay. Consumers will be ready to buy a product when they perceived that the value of the product is at least equal to the value of money, which they would pay.

Factor: The Utility and Demand

ii. Quoted Line: He examined the quality and features of the products of competitors and the anticipated reactions of consumers.

Factor: Extent of competition in the market

iii. Quoted Line: Considering the same he decided to add some unique features to the packaging and also decided to provide free home delivery of the products.

Factor: Marketing methods used

iv. Quoted Line: Since he was entering into a new market, he felt that he may not be able to cover all costs. He knew that in the long run, the business will not be able to survive unless all costs are covered in addition to a minimum profit.

Factor: Product cost

QUESTION 21.

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

(CBSE BOARD 2013)

Answer.

Factors affecting the determination of the price of a product:

1. Cost of Product: Cost of the product is the most important factor determining the price. The cost of product can be of the following three types:

- **Fixed cost:** These are costs which remain fixed irrespective of the level of output; for example, cost of machinery or building.
- **Variable cost:** These are costs which vary in direct proportion with the level of output. As the level of output increases, the variable costs also increase and vice versa; for example, cost of labour and raw material.
- **Semi-variable cost:** Similar to variable costs, these are costs which vary with the level of output but not in direct proportion; for example, commission paid to intermediaries. A firm decides such a price for its product so that it can cover various costs and earn a profit.

2. Demand for the Product: Another important factor determining the price of a product is the elasticity of demand for the product. Price elasticity of demand implies how responsive the demand is to the changes in price.

- **Elastic demand:** The demand is said to be price elastic if a given proportionate change in price leads to a more than proportionate change in demand. In such a case, charging a higher price by the firm would lead to a large fall in demand.
- **Inelastic demand:** The demand is said to be price inelastic if a given proportionate change in price does not bring about any significant change in demand. In such a case, it is possible for a firm to charge a higher price. This is because even at higher price, the demand will not fall much. Therefore, goods generally having an elastic demand have a comparatively lower price than those, which have an inelastic demand.

3. Degree of Competition in the Market: In case there is high competition in the market, it is not possible for a firm to charge a higher price. This is because if the firm charges a higher price, consumers would shift the demand to its competitors.

4. Government Regulations: At times, the government regulates the prices of certain commodities. For example, in the market for agricultural products such as wheat and rice, the government intervenes in price determination.

QUESTION 22.

Explain the following functions of marketing:

- (i) Gathering and analysing market information
- (ii) Marketing planning
- (iii) Customer support services and
- (iv) Physical distribution.

Answer.

i. Gathering and analysing market information: Marketer analyses the prevailing trend in the market and identify the best opportunities. Collecting information of the target market segment including size of market and behaviour, culture, needs and wants of customers.

ii. Marketing planning: Creating a market plan to achieve the marketing goals and objectives of the organisation. Market research is conducted to analyse the preferences of the customers to formulate a suitable plan.

iii. Customer support services: Involve handling complaints and feedback of customers. Customer support services are developed such as credit, maintenance, technical services, consumer information etc. These customer services are provided to satisfy customers and to make them a permanent customer for their products.

iv. Physical distribution: Channels of distribution are to be decided through which products would be moved from the place of production to the place of consumption. Choosing an appropriate distribution channel holds more importance because an inappropriate distribution channel may either lead to an increase in the price of the good or decrease in the quality of the product.

QUESTION 23.

'Though advertising is one of the most frequently used medium of promotion of goods and services, it attracts lot of objections.' Explain any four such objections.

Answer.

There are different views with regard to expenditure on advertising. On one hand, it is considered a social waste as it adds to the cost of production, weakens social values and adds to consumer needs and desires. On the other hand, it is beneficial as it helps in enhancing the sales and increasing profits.

Points stating that advertising is a waste to the firm:

i. Higher Cost: Expenses on advertisement add to the cost of the product and the firm, and these are then passed on as additional cost to consumers in the form of higher prices.

ii. However, advertising helps in attracting consumers to the product. Accordingly, the demand for the product increases. To cater to the increased demand, the production increases. An increase in the production, in turn, lowers the per unit cost of production.

iii. Creates Confusion: It is argued that with advertisements of a large number of similar products, the consumer often gets confused. In contrast, those who support advertisements argue that they help in increasing the knowledge of the consumer with regard to the availability of different products in the market. In this way, it increases their choice and helps them in making an informed decision with regard to purchase of the product.

iv. Promotes Inferior Goods: Advertisements induce consumers to purchase the product. Even inferior goods can be advertised, and their demand be induced. However, it is said that quality is only a relative product. Advertisements provide knowledge with regard to all kinds of products. Whether to purchase the product or not is up to consumers themselves.

v. Objectionable Advertisements: Sometimes, advertisements can be objectionable in the sense that they undermine social values. For instance, in certain advertisements, women are shown in an objectionable manner. Sometimes, the language, images and content of the advertisement may not appeal to society.
