



Question 6. Higher Order Thinking Skills (Hots)

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

Answer:

- (i) It is because of following reasons:
 - 1. Research design must have a scientific base to achieve the desired objectives.
 - 2. A research design is the specification of methods and procedures for acquiring the information needed.
 - 3. The method and procedures should be scientific. Therefore, one should understand the scientific methods and their application to marketing research before deciding the research design.
 - 4. The basic qualities of any scientific methods are rationality and objectivity.
 - 5. No method known to man can entirely eliminate uncertainty. But scientific method, more than any other procedure can minimize those elements of uncertainty which result from lack of information. By doing so, it reduces the danger of making a wrong choice between alternate courses of action.
 - 6. Application of scientific methods to marketing research has helped the researchers to arrive at correct consequences.
- (ii) Purchasing Power: It refers to extent to which a person, firm, or group has available funds to make purchases. It is the money and credit available for spending and consumption of goods and services. Demand and prices cannot rise beyond the available purchasing power. It is also called 'buying power'. Purchasing power also measures the value of goods that can be bought with a specific amount of a currency. Potential Customers: Customer is someone who has already purchased goods or services. Potential customer is someone who is capable of becoming a purchaser of product and/or services from an organisation. He is someone who may become your customer in the future.

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

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

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

(v) Following factors influence on pricing:

(a) Internal Factors: It includes:

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

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

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

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

5. Price elasticity of demand of the toy car.

(b) External Factors:

1. Nature of competition: If competition is intensive than lesser price will have to be kept and vice-versa.

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

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

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

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

(a) Fairness in conducting a survey

(b) Unselfish motive while conducting survey.

(c) Proper analysis for depicting the correct result

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

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

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

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

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

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

complete overview of the market.

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

(ix) The values which are missing are:

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

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

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

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

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