



III. Short Answer Type Questions [4 Marks]

Question 1. Enlist some place variables of the marketing mix.

Answer: Place (Distribution) variables comprise channel of distribution, types of intermediaries, channel design, location of outlets, channel remuneration and dealer - principal relations, length of channel, physical distribution, transportation, warehousing, inventory levels, order processing.

Question 2. Give some promotion variables of the marketing mix.

Answer: Promotion variables includes personal selling: objectives, level of efforts, quality of sales force, cost level, level of motivation, advertising: media mix, budgets, allocations and programmes sales promotional effects, display, contests, trade promotions publicity and public relations.

Question 3. The story of Asian Paints is a story of 'Distribution Excellence'. Explain.

Answer: Asian Paints was founded in 1942 as a small Indian partnership firm at a time when the paint industry was fiercely competitive Asian Paints through its modern manufacturing facilities offers the widest range of paints among all the paint companies in India, in terms of products shades as well as pack sizes. Asian Paints (AP) captured the top position in the decorative paints segment, with around 39% shares of the organized paint market. The story of AP is a story of 'DISTRIBUTION EXCELLENCE' sky-rocketing a company to marketing leadership. Today, the network with 18,000 retailers across the country, Asian Paints has achieved an enviable position.

IV. Long Answer Type Questions [6 Marks]

Question 1. As the foremost duty of the entrepreneur is to make this 'Total Offer', the needs to perform it very systematically, calculatedly, attentively and step by step. What are the steps?

Answer: Following are the steps:

- (a) Step 1- Product: Firstly, choosing the PRODUCT that would meet the identified needs of the chosen consumer group.
- (b) Step 2- Distribution: Secondly, by performing various DISTRIBUTION functions like transportation, warehousing, channel management, etc. the consumers conveniently get the product.
- (c) Step 3-Promotion: Thirdly, by carrying out a number of PROMOTIONAL measures like advertising, sales promotion, etc. with a view to communicating with the consumer and promoting the product,
- (d) Step 4-Pricing: Lastly, by using the PRICING mechanism to achieve the consummation of the marketing process, striking the balance that is acceptable to the firm as well as the consumers.

Question 2. Which factors affect Marketing Mix? Explain.

Answer: While determining suitable marketing mix following factors must be taken consideration:

(a) Consumers' Buying Behaviour:

- 1. Buying habits
- 2. Living habits
- 3. Purchasing power
- 4. Attitude and Preferences

5. Local environment, situations
6. Number of consumers of the product

(b) Dealers' Behaviour: The behaviour of wholesalers and retailers is studied:

1. Motivation
2. Structure, practice and attitude of dealers
3. Financial strength of dealers
4. Expected change in the behaviour.

(c) Competitors Behaviour:

1. Size and strength of competing units
2. Number of competitors
3. Practices and attitudes of the competitors
4. Motives
5. Trends in demand and supply.

(d) Government Behaviour: It implies government controls regarding:

1. Products
2. Prices
3. Competitive Practices
4. Restrictive Trade Practices
5. Advertising and Promotion.

Question 3. Give some remarkable examples of Promotion mix.

Answer:

(a) Onida: The advertising campaign for Onida Television is a brilliant piece of creative work - it challenged the unwritten advertising rule that advertisement had to be pleasing.

(b) Nirma: Nirma took on the then market leader, Surf by product's positioning through creative advertising.

(c) Amul Butter: For many years, Amul Butter has been running a unique type of advertising campaign through hoardings in major cities of the country. These hoardings focus on current events, incorporating a catchy slogan through the clever use of words including either 'Amul', 'butter' or both often using the 'Amul' Cartoon characters.

Question 4. Why is pricing important?

Or

Price is the only element in the marketing mix that produces revenue, the other elements produce cost. Explain.

Answer: Pricing is important because of following reasons:

(a) Key to Revenue: Price and quantity of sales together decide the revenue of any business. Suitable price for the consumer always fetches good revenue.

(b) Attract Customers's Convenient: Price of the product attracts the customers from other brands also. Brand loyalty can be broken by a lower price in the market.

(c) Edge Over Competition: Good quality at reasonable price always provide advantage to the firm as they then keep themselves in a position to remain ahead of the competitors. In the world of tough competition pricing plays a major role in capturing market.

(d) Crucial to Profits: Pricing is crucial to profits. Improper pricing have adverse effect on the profits of any enterprise. This ultimately affect the profit, growth and future of the enterprise.

(e) Platform for achieving other Objectives: Short term, long term, primary, and secondary objectives of the firm can only be attained if firms go for profit optimization rather than profit maximization. The various objectives are sought to be realised through pricing.

Question 5. Explain the factors influencing pricing.

Answer: The factors that influence the pricing decisions are of two types:

(a) Internal Factors:

- (i) Marketing objectives of the firm
- (ii) The image sought by the firm through pricing
- (iii) Cost of manufacturing and marketing
- (iv) The uniqueness and utility of the product
- (v) Price elasticity of demand of the product
- (vi) Composition of the product line of the firm.

(b) External Factors:

- (i) Market characteristics
- (ii) Nature of economy
- (iii) Nature of competition
- (iv) Bargaining power of major consumers
- (v) Bargaining power of major suppliers
- (vi) Competitors pricing policy
- (vii) Government controls/regulations on pricing
- (viii) Societal or social considerations.

Question 6. Describe the tools of Promotion Mix.

Answer: The tools of Promotion Mix are as follows:

- Personal Selling: It is an art to induce people to buy the product. It is a real effort to win confidence of the consumers.
- Advertising: It is an activity which establishes non-personal contact with the customers regarding the product. It is an effort to sustain the demand for the product.
- Publicity: Unpaid mention of the enterprise, its product, and brand by the news media in newspaper, journals, radio or television. It is an uncontrolled form.
- Exhibitions and Demonstration: Promoting the product, where the enterprise may display product in fairs and exhibitions.
- Public Relations: The enterprise may start public contact programmes to introduce the product in the market.
- Sales Promotion: It is an effort to stimulate customers to buy more and more of particular commodities like buy one get one free, discount coupons, etc.

Question 7. Enlist the factors determining the choice of channel.

Answer:

(a) Nature of the product: On the basis of nature of product the following factors determine channel of distribution—Unit value, Perishable products, Size and weight, Standardized products, Technical products, Capital goods, Introduction of newly manufactured products.

(b) Nature of Market: On the basis of nature of market, the following factors determine channel of distribution, location, quantity of production, number of buyers, consumers of industrial products, Buying habits of consumers, credit facilities.

Middleman: On the basis of middleman following factors determine channel of distribution— availability, customs of the trade, competence of managers, government control.

Tendency of Producer: On the basis of tendency of producer the following factors determine channel of distribution—quantity of production, control over channels, Competence of managers, financial position, distribution policy.

Question 8. Describe the common channels of distribution.

Answer: Common methods are as follows:

1. Direct Channels/Zero-level: Here, the producers supply the products direct to the consumers. The producer, here either supplies directly to the consumer or through its retail outlets, for example Single Bakery, frontier biscuits, bata shoe company, etc. Producer → Consumer
2. Indirect Channels: Here, the producers supply their products through one or more intermediaries. Following are the types of

indirect channels:

(i) Producer-Retailer-Consumer (One level channel): Producer sells the product to retailer, who in turn sells to the consumer, for example producers of refrigerators, washing machines, etc.

Producer → Retailer → Consumer

(ii) Producer-Wholesaler-Retailer-Consumer (Two level channels): Here, two intermediaries, viz. the wholesaler and retailer are involved between the producer and the consumer, for example sugar, soaps, ghee, grains, etc.

Producer → Wholesaler → Retailer → Consumer

(iii) Producer-Agent-Wholesaler-Retailer-Consumer (Three level channels): Here the producers take the help of agents who, in turn, supply to wholesalers and then through the retailers, the goods ultimately reach the consumers. Hindustan Levers appoints the agents or distributors who sell both to the wholesalers and retailers for onward distribution to consumers.

Producer → Agent → Wholesaler → Retailer → Consumer

Question 9. Describe the benefits from marketing mix.

Answer: The benefits of marketing mix:

(a) Product Oriented:

- It is according to the needs of customers.
- It reflects saleable quality.
- It gives scope for improving the quality.
- Attractive designing and packaging is possible.
- After sales services become strength.

(b) Price Oriented Benefits:

- Determination of price according to the paying capacity of customers.
- Fair pricing of the product can be done.
- Credit facility can be provided/availed.
- Discount and allowance can be provided.

(c) Promotion Oriented:

- Advertising can be done for raising sales.
- Sales promotion is possible.
- Helps personal selling.

(d) Distribution Oriented:

- Availability at the right place is possible.
- Availability through convenient outlets.

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