TEXTBOOK QUESTIONS SOLVED.

Question 1. Answer each of these questions in about 15 words:
(i) What is Marketing?
(ii) What is Commerce?
(iii) To which tool of the marketing mix does 'Brand Name' pertain?
(iv) What is meant by price mix?
(v) What is done under place mix?
(vi) Give one point of difference between Personal Selling and Sales Promotion.
Answer:
(i) Marketing, an art, which includes all activities pertaining to creation of place, time and possession utility.
(ii) "Commerce is the sum total of all those activities, which are engaged in the removal of hindrance of persons (trade) place (transport and insurance) and time (warehousing) in the exchange (banking) of commodities," says as per James Stephenson.
(iii) Product mix.
(iv) Price Mix is the determination of money value of any product or service.
(v) Physical distribution is the task of moving the goods and services from the place of production to the place of their consumption.
(vi) Personal selling is a part of sales promotion.

Question 2. Answer each of these questions in about 50 words:
(i) Define the term 'Marketing Mix'.
(ii) Enlist any four product oriented benefits from marketing mix.
(iii) Arvind, the manufacturer of footwear sells the same to different retailers, who then sell to the consumers. Name the channel and level of distribution involved.
(iv) List any four factors that influence the pricing decisions.
Answer:
(i) The combination of product, price, promotion and place (distribution) activities needed to meet marketing objectives is said to be marketing mix.
(ii) (a) It is according to needs of the customers.
(b) It reflects saleable quality.
(c) It gives scope for improving the quality.
(d) Attractive designing and packaging is possible.
(iii) There is Direct Channels and Zero-level.
(iv) The pricing decisions for a product are affected by internal and external factors.
A. Internal Factors:
(1) Cost: While fixing the prices of a product, the firm should consider the cost involved in producing the product. This cost includes both the variable and fixed costs. Thus, while fixing the prices, the firm must be able to recover both the variable and fixed costs.
(2) The predetermined objectives: While fixing the prices of the product, the marketer should consider the objectives of the firm. For instance, if the objective of a firm is to increase return on investment, then it may charge a higher price, and if the objective is to capture a large market share, then it may charge a lower price.
(3) Image of the firm: The price of the product may also be

determined on the basis of the image of the firm in the market. For instance, HUL and Procter & Gamble can demand a higher price for their brands, as they enjoy goodwill in the market.
(4) Product life cycle: The stage at which the product is in its product life cycle also affects its price. For instance, during the introductory stage the firm may charge lower price to attract the customers, and during the growth stage, a firm may increase the price.
B. External Factors:
(1) Competition: While fixing the price of the product, the firm needs to study the degree of competition in the market. If there is high competition, the prices may be kept low to effectively face the competition, and if competition is low, the prices may be kept high.
(2) Consumers: The marketer should consider various consumer factors while fixing the prices. The consumer factors that must be considered includes the price sensitivity of the buyer, purchasing power, and so on.
(3) Government control: Government rules and regulation must be considered while fixing the prices. In certain products, government may announce administered prices, and therefore the marketer has to consider such regulation while fixing the prices.
(4) Economic conditions: The marketer may also have to consider the economic condition prevailing in the market while fixing the prices. At the time of recession, the consumer may have less money to spend, so the marketer may reduce the prices in order to influence the buying decision of the consumers.

Question 3. Answer each of these questions in about 75 words:
(i) What is pricing? Discuss the various factors that determine the price of a product.
(ii) Define product mix. What dimensions of the product are to be considered by the entrepreneur herein?
Answer:
(i) See Answer to Q4. (iii).
(ii) See Answer to Q5. (xiv).

Question 4. Answer each of these questions in about 150 words:
(i) What is meant by indirect channels of distribution? Explain any two indirect channels of distribution.
(ii) "Buy one get one free" is an example of one of the techniques of Promotion Mix. Name the technique. Explain any two other techniques of promotion mix.
(iii) State the importance of pricing.
Answer:
(i) Indirect Channels: Here, the producers supply their products through one or more intermediaries. Following are the types of indirect channels:
(a) 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 j Retailer j Consumer
(b) 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
(ii) Buy one get one free is sales promotion technique of promotion mix: It is an effort to stimulate customers to buy more and more of particular commodities.
Other two techniques are:
(a) Exhibitions and Demonstration: Promoting the product, where the enterprise may display product in fairs and exhibitions.
(b) Public Relations: The enterprise may start public contact programmes to introduce the product in the market.
(iii) Pricing is important because of following reasons:

(a) Key to revenue
(b) Attract customers
(c) Edge over competition
(d) Crucial to profits
(e) Platform for achieving other objectives

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