

NCERT Solution for Class 12 Business Studies -Marketing

NCERT Solutions for Class-XII Business Studies**Very Short Answer Questions**

Q.1 State any two advantages of branding to marketers of goods and services?

Sol. Advantages of branding to marketers of goods and services are:

1. It enables a firm in distinguishing their product from the competitor firm.
2. A product when is provided branding will make it known among customers, it will attract new business. Branding makes advertising of the product easier.

Q.2 How does branding help in differential pricing?

Sol. Brand name helps in creating an image among the consumers about the product quality. It helps customers in differentiating products of different firms. Marketers can charge different prices and having a good brand image the company can charge premium prices.

Q.3 What is the societal concept of marketing?

Sol. Societal concept of marketing is the concept where needs of the market are identified by the company along with target customers. It helps in delivering the products and services efficiently. The businesses should meet the long-term requirements of the consumer and look after their wellbeing by their products.

Q.4 List the characteristics of convenience products.

Sol. Products that can be bought immediately on a frequent basis and with minimum effort are referred to as convenience products. Following are the characteristics of convenience products:

1. Products are easily available and there is minimum effort and time is required. Also, products are located at convenient places.
2. These products are frequently consumed and have a ongoing demand. Essential commodities are classified as convenience products.
3. The convenience goods are available in low price and in units of small products.
4. These products have high competition and require a good amount of advertising.

Q.5 Enlist the advantages of packaging of consumer products.

Sol. Packaging is the technique of designing container for a product. It has the following advantages:

1. It enables product differentiation.
2. By using different colours, symbols, pictures it acts as a promotional tool.
3. Greater convenience is achieved in product handling.
4. It protects the quality of the product by preventing breaking or spoiling of the product during transportation and storage.

Q.6 What are the limitations of advertising as a promotional tool? Enlist.

Sol. Advertising as a promotional tool has the following limitations:

1. It is less forceful due to lack of personal communication
2. It is difficult to evaluate the effectiveness of advertising
3. Advertisements are standard in form and cannot be modified as per different consumer group requirements.
4. The effectiveness is low as there can be large number of advertisements.

Q.7 List five shopping products purchased by you or your family during the last few months.

Sol. Following products were purchased:

1. Watch
2. Mixer Grinder
3. Electric Iron
4. Clothes
5. Laptop Accessories

Q.8 A marketer of colour TV having 20% of the current market share of the country aims at enhancing the market share to 50 per cent in next three years. For achieving this objective, he specified an action programme. Name the function of marketing being discussed above. (Ans. Marketing planning.)

Sol. The most important activity that a marketer needs to develop is an appropriate marketing plan that will help in achieving the objectives. In this question it is marketing planning that needs to be implemented so as to decide on the strategies that should be put in action for achieving the objectives.

Short Answer Questions

Q.1 What is marketing? What functions does it perform in the process of exchange of goods and services? Explain.

Sol. Marketing is the process where there is interaction of buyers and sellers for the purchase of goods and services. Marketing was having different approaches sometimes involving pre and post production processes. Marketing performs the following functions in exchange of goods and services:

1. Planning
2. Designing of the product
3. Packaging
4. Labelling
5. Branding
6. Warehousing
7. Transportation
8. Support services

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Q.2 Distinguish between the product concept and production concept of marketing.

Sol.

Basis of Comparison	Product Concept	Production Concept
Belief	Product concept believes that consumers favoured quality products and profit can be increased by increasing the product quality.	Production concept believed that consumers will be favouring products that are readily available and are affordable. Therefore, profits can be maximised by increasing the production volume.
Focus of the business	The main focus areas were on improving product quality and addition of new features to the product.	The primary focus was on improving the production quantity and also reducing the production cost.
Methodology	Product quality and improvement of features was the primary emphasis.	Production efficiency was the primary point of emphasis.

Q3. Product is a bundle of utilities? Do you agree? Comment.

Sol. A customer at the time of purchasing a product will look forward to the utility that the product offers. Customers seek many types of benefits from a product which can be social, psychological or functional. Therefore, it can be said that product is a bundle of utilities as there are many benefits of owning the product.

Q.4 What are industrial products? How are they different from consumer products? Explain.

Sol. The products that are used as inputs in the production of other goods are known as industrial products. These goods are used as raw materials for producing finished goods, on the other hand consumer products are those products that customers utilise for consumption. The points of distinction between industrial and consumer products are as follows:

Basis of Comparison	Industrial Products	Consumer Products
Number of Customers	Customer number is limited. For an instance, oil producing seeds are not purchased by many.	Higher number of customers for the end product. For an instance, the oils produced from seed have many customers.
Channel of Distribution	Shorter channels of distribution are required for such products.	These products require both short and long distribution channels (which depends on the type of product) before reaching the end user.
Location	It is concentrated in areas where there are industries which require such products.	These products are easily available through local retailers.
Demand	Industrial products demand is based on consumer product demand.	Consumer products set the requirement for the industrial products

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Role of Technical Features in Decision Making	Important role of technical features	Technical features do not have a role in decision making as consumer products do not have technical complexity.
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Q.5 Distinguish between convenience product and shopping product.

Sol.

Basis of Comparison	Convenience Product	Shopping Product
Demand	These products have a regular demand in the market.	These products have less demand as compared to convenience products.
Nature of Products	Includes products that fall under essential commodities.	Includes goods that are durable in nature
Unit of Purchase and Price	Available in small units having low unit price and therefore low margin of profit	Products are available in bigger units with high prices for unit which translates to higher profit margins.
Nature of Purchase	These products are bought impulsively and without any time and effort	Consumer spend considerable time on purchasing these products
Example	Stationary items, grocery, chocolates	Car, furniture, jewellery

Q.6 Describe the functions of labelling in the marketing of products.

Sol. Labelling is an important part of the packaging process. It gives the product users a basic idea what the product is all about. Here are the functions of labelling:

1. It provides a small description about the product where it mentions the application, warnings, directions of use etc.
2. It helps to identify the product easily. It helps consumers to differentiate between products.
3. It helps in easy classification into different categories of the same product.
4. It helps the businesses to promote the product. Attractive labelling is a great way for promoting any product.
5. It provides the necessary information as mandated by law regarding the product.

Q.7 Discuss the role of intermediaries in the distribution of consumer non-durable products.

Sol. Intermediaries are an important part of product marketing. They help in transfer of goods from the production centre to the consumers.

In case of non-durables, intermediaries perform the following functions:

1. Sorting of goods into homogeneous groups based on their characteristics.
2. Maintains large stock of goods that ensure supply is well maintained.
3. Breaking down bigger stocks into small units.

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4. Maintaining a variety of goods at a single place.
5. Helping the manufacturers in promoting the product by putting up display boards and banners.
6. By acting as a middle men and setting the deal by negotiating about the product price so that both consumer and manufacturer are satisfied.
7. Acquiring goods from manufacturers and keeping them in safe custody and bearing the risk of market fluctuations.

Q.8 Explain briefly the components of physical distribution.

Sol. The movement of products from place of production to place of consumption is called physical distribution. The components of a physical distribution are:

1. Order processing: Order processing consists of steps such as order placement, order transmission, inventory maintenance, goods delivery etc. As such processes are time consuming, a physical distribution system must ensure proper order processing. Customer satisfaction can be achieved by fast and accurate order processing.
2. Product Transportation: Product transportation is the physical movement of goods from the production unit to the consumers.
3. Warehousing: It is the process of storing of the goods obtained from manufacturers before being introduced for sale to the customers. Warehouses provide ready stock of goods that can be made available in the market.
4. Inventory Maintenance: Inventory is maintained to provide timely supply of goods; it promotes customer satisfaction. Inventory maintenance is cost intensive therefore a firm must find the balance between inventory and customer satisfaction.

Q.9 Define advertising. What are its main features? Explain.

Sol. Advertising is a technique of promoting the product. Companies use advertising as a medium to attract customers towards their product in order to make a sale. The most common mediums of advertising are newspapers, television, internet, social media, magazines etc.

Here are some of the important features of advertising:

1. Advertising is a paid form of promoting products or services. The sponsor bears the cost of advertising.
2. It is an impersonal mode of communication. It involves no face to face communication between advertiser and customer. It is devoid of personal touch.
3. There are some sponsors who like to design an advertisement and also bear the costs that are involved.

Q.10 Discuss the role of 'sales promotion' as an element of promotion mix.

Sol. Sales promotion are incentives that are sometimes offered to the encourage sales of the product. The typical sales promotions will include gifts, discounts, free samples etc. These activities are in addition to the other promotional activities taken by the company such as direct selling and advertising. These promotions drive purchase. Sales promotional activities are beneficial during a new product launch where it can boost sales.

Q.11 As marketing manager of a big hotel located at an important tourist destination, what societal concerns would be faced by you and what steps would you plan to take care of these concerns? Discuss.

Sol. The marketing manager will face these societal concerns:

1. The activities that are carried out by the businesses should not cause environmental pollution.
2. The facilities offered in the hotel should be pocket friendly.

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For resolving these concerns, the manager can take the following steps

1. For solving the pollution issue, the manager can check that wastes from hotel are managed in a proper way. Wastes should be disposed of as per its characteristics such as dry and wet waste.
2. The prices for the items that are sold inside the hotel premises must not be more than the maximum retail price of the item.

Q.12 What information is generally placed on the package of a food product. Design a label for one of the food products of your choice.

Sol. The most common information provided in food packages are:

1. Product name
2. Manufacturer name and address of plant
3. Logo of the product
4. Ingredients of the products
5. Directions of use/ How to prepare
6. Product features
7. Caution (if needed to be taken)
8. Customer care or grievance cell number

Q.13 For buyers of consumer durable products, what 'customer care services' would you plan as a manager of a firm marketing new brand of motorcycle. Discuss.

Sol. Customer care services for marketing of motorcycles are as follows

1. Support for EMI payments
2. Support for extended warranty on bikes
3. Zero finance schemes
4. Servicing reminders
5. Two-wheeler insurance schemes support

Long Answer Questions

Q.1 What is marketing concept? How does it help in the effective marketing of goods and services?

Sol. The marketing concept is a part of marketing management that puts more emphasis on customer satisfaction. It is of the belief that customer satisfaction is vital for the success of any business. A business can grow if only it identifies needs of customer and works towards getting those needs fulfilled. Business will maximise profits if it is customer centric. The marketing concept is that people purchase a product for satisfying a need which can be social, psychological etc. Therefore, all the decisions must be taken by the company with the customer needs in mind.

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Marketing concept puts emphasis on the customer and therefore all the activities related to marketing of goods and services will be targeted towards the customer. As the customer is the focus therefore the goods or services will be very effectively sold.

Q.2 What is marketing mix? What are its main elements? Explain.

Sol. Marketing mix is a set of marketing tools that company uses to promote their product or brand in the market. Marketing tools are factors that determine the outcome of the business. Marketing mix consists of 4 P's which are product, price, place and promotion. The following are described in detail.

1. **Product:** A product is any good or service that offers the customer value and satisfies their needs. The product must satisfy the requirements of the customer then only it will be successful. It should also contain proper sales support and services.
2. **Price:** Price is the second factor of marketing mix. It refers to the money customers pay to obtain any service or goods. Price is very essential factor for consumers. It affects the demand of a product. With rise in price the demand reduces and vice versa. The business organisations should analyse the various factors that will be suitable to determine the price of the product. The pricing should be determined by taking into consideration target customers, the pricing policy followed by competitors. Price fixed for a product must make the customer feel that it is adequate for the product.
3. **Place:** In addition to product and pricing, a firm must also decide on the place where it will be making the product available to the customers. A firm must find the appropriate distributors and dealers for the goods. Other important decisions that can be taken are location of warehousing, inventory storage, transportation of goods.
4. **Promotion:** Promotion refers to those activities where consumers are made aware of the product availability utilising various strategies such as sales, advertising, banners, online promotion etc. The medium of promotion should be carefully decided by the company in order to derive maximum reach.

Q.3 How does branding help in creating product differentiation? Does it help in marketing of goods and services?

Sol. Branding is the process of giving a totally unique name, symbol, logo for the product so that it is easy to identify by the customer. By using branding firms bring about differentiation (based on name, symbol, logo) in their product from other similar products available in the market.

Branding in addition to helping in product differentiation also helps in marketing of goods and services. Following points highlight the importance of branding towards marketing of goods and services.

1. Branding helps a firm in product advertisement and advertisement is possible only when a product branding is done. Without branding the advertisement will be created for the whole product class.
2. Branding helps create loyalty among consumers. Firms can use this loyalty and charge prices which is different from their competitors. The consumer due to the loyalty associated with the brand will be willing to pay a premium for the product.
3. Branding helps in establishing a base which helps in pushing for a new product that is produced by the firm. Any new product launched by an already established brand name will make the users try the product as they have an already developed loyalty for the brand.

Q.4 What are the factors affecting the determination of the price of a product or service? Explain

Sol. Price is the amount of money that is paid by the customers to obtain a product. The price will determine the demand for the product in the market. Price also plays an important role in the product marketing. If there is any change in the price it will impact the revenues and the profits of the business. Firms producing similar goods will compete with each other in the market on the basis of the price of the product.

Here are following factors that determine the price of any product or service:

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1. Product cost plays an important role in determining the final price of the product. The product cost will involve cost related to production, distribution and the sale of the product. The type of cost associated with a product can be either fixed, variable or semi variable in nature. Fixed costs are those costs that are one-time cost and do not change with the output while variable costs vary with the production and these include labour cost, raw material etc. Semi variable costs vary with the level of output but the proportion is not the same. Therefore, before determining the price of a product a firm has to make a note of all these costs so that profit can be obtained by selling the product.
2. To determine the pricing of a product a firm has to also check the demand of the product in the market. To determine the demand the concept of elasticity of demand is important. It refers to the proportion of change in the demand of an item due to corresponding change in the price of the product. The demand can be said as elastic if due to small change in price the demand gets changed by a large margin. In such a situation a firm is unable to charge high price as it will result in the reduction in the demand for the product. If the demand is inelastic, the change in price will not affect the demand that much.
3. If the level of competition in the market is more in the market, the firm cannot charge more for the product as charging a high price in a competitive market will make customers move towards the competitors. Similarly, for a firm having less or no competition the firm can charge a high price.
4. Government, at times may intervene in the pricing mechanism for public interest.
5. Each firm will have a separate objective of pricing. Some of the objectives of a pricing are as follows:
 - i. Firm aim to maximise the profit, the firms may have a short or long-term objective for maximising profit, in such case their pricing strategy will accordingly.
 - ii. For a firm looking to capture a greater portion of market, it would charge a price that is lower than its competitors.
 - iii. In situations of stiff competition a firm will reduce its price to be more acceptable by consumers.
 - iv. For firms focusing on quality products, a higher price can be charged.
6. The types of marketing used by firm will also determine the price. The marketing techniques will involve advertisement, branding campaigns which will determine the price. If more budget is used in running an advertisement campaign, then prices will be high.

Q.5 What do you mean by channels of distribution? What functions do they play in the distribution of goods and services? Explain.

Sol. Channels of distribution are those institutions, agents or individuals who help in the process of providing distribution. Due to spread of customers across large areas it is not possible for the businesses to reach them by alone. In this case, these channels of distribution will help the customers in making the product available.

The functions of the channels of distribution are as follows:

1. Supply of goods are received from different sources. But the goods can be of different shapes and sizes, it needs to be taken care of by the intermediary as per the characteristics.
2. The segregated items will be collected by a middleman and stored for ensuring a good supply.
3. Goods are packed into units by another middlemen
4. Intermediaries such as retailer will keep a stock of different items for selling to the consumer.
5. Retailer will help manufacturers in promoting the product and by offering sales promotions.

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6. The intermediaries form a link between producer and the consumer.
7. Intermediaries also bear the risk of storing goods in uncertain situations or situations of low demand.

Q.6 Explain the major activities involved in the physical distribution of products.

Sol. The movement of products from place of production to place of consumption is called physical distribution. The major activities involved in physical distribution of products are:

1. **Order processing:** Order processing consists of steps such as order placement, order transmission, inventory maintenance, goods delivery etc. As such processes are time consuming, a physical distribution system must ensure proper order processing. Customer satisfaction can be achieved by fast and accurate order processing.
2. **Product Transportation:** Product transportation is the physical movement of goods from the production unit to the consumers.
3. **Warehousing:** It is the process of storing of the goods obtained from manufacturers before being introduced for sale to the customers. Warehouses provide ready stock of goods that can be made available in the market.
4. **Inventory Maintenance:** Inventory is maintained to provide timely supply of goods; it promotes customer satisfaction. Inventory maintenance is cost intensive therefore a firm must find the balance between inventory and customer satisfaction.

Q.7 Expenditure on advertising is a social waste' Do you agree? Discuss

Sol. Advertising expenditure is considered as social waste due to multiple factors such as it adds to cost of the production of the company, and also increases customer requirements for more such products. Following points will help in determining whether advertising is a social waste or not.

1. Advertising is high cost intensive; the businesses thus pass on this cost to the consumers at the time of determining the price of the product. But the positive point that can be seen is that advertisement can help in reducing cost of production by increasing customer demand for the product.
2. The major point which impacts advertising is that weakens the social values and promotes the sense of materialism in the society. Customers want to acquire any new product to fulfil their desires. But this process will run forever as long as any new product is prepared.
3. Advertisements are said to create confusion among customers as so many different varieties of same product will be available in the market. Customers get confused as to which brand to buy.
4. Advertisement is done for both good and bad quality products. Again, good and bad quality concept will vary from customer to customer.
5. Advertisements are said to erode social values by using content, images, action, gestures or language which is not acceptable by all sections of society. Again, the same rule will apply that what is perceived as bad by someone may be seen as good by the other.

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Q.8 Distinguish between advertising and personal selling.

Sol.

Basis of Comparison	Advertising	Personal Selling
Personal v/s Impersonal	Advertising is impersonal form of communication as the communication happens between buyer and seller through mediums such as newspapers, social media, television etc.	Personal selling is a personal form of communication in which interaction between buyer and seller is direct.
Reach	Advertisements reach a broader audience hence the reach of advertising is large.	Personal selling has a reach which is comparatively narrower than advertising as very few people can be approached directly.
Flexibility	Advertising is created in a standardised manner and is not suitable for adjusting to various customer requirements.	Personal selling is more flexible as compared to advertising as the message for selling can be altered for individual customers as per their characteristics and requirements.
Target Group	Advertising is suitable where there is a need of reaching out to large number of customers.	Personal selling is suitable for the situation where marketing is to be done for fewer customers as compared to advertising.
Cost Involved	Due to mass reach of advertising, the cost of advertising per person is low compared to personal selling.	Due to non-availability of mass reach, the cost of personal selling per person is more as compared to advertising.
Time Involved	Large number of customers can be reached through advertising at a time therefore, the time required to cover the market will be less as compared to personal selling.	Less number of customers can be reached through personal selling at a time therefore, the time required to cover the market will be more as compared to advertising.
Customer Feedback	Through advertising, feedbacks and reactions of the customers cannot be judged.	It is comparatively easier in case of personal selling to understand reactions and feedbacks of customers as the interaction is happening directly between buyer and seller.
Medium of Communication	The various forms of communication for advertising are newspapers, pamphlets, social media, radio and television etc.	Personal selling uses direct form of communication through the interaction of buyer with the sales person.
Objective	The basic objective behind advertising is in creating customer interest towards the said product.	Personal selling is all about making a customer aware about the product and bring about the decision to purchase the product.

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Q.9 Explain the factors determining choice of channels of distribution.

Sol. The most important of decisions in marketing is the use of channel of distribution. It is influenced by the following factors:

1. Distribution will depend on the type of product that is produced. It should be checked if the product is of the following characteristics:
 - i. Perishable or non-perishable
 - ii. High or low value product
 - iii. Industrial or Consumer product
 - iv. The degree of complexity of the product.
2. The company characteristics will also play a major role in determining the choice of product, the major points are degree of control the company wants to have on intermediaries and the financial strength of the company. As a rule of thumb shorter distribution channels offer more control to the financially strong companies.
3. The level of competition and the distribution channel strategies adopted by the competitors are critical in determining the distribution adopted by the company. The company can adopt similar strategy or use a different one after analysing the competitor.
4. Various environmental factors such as legal policies and financial constraints also impact channel of distribution decision. If more legal complexities are involved in association of larger channels of distribution then companies will be more interested in opting for the shorter channels of distribution.
5. The choice of channel distribution can also be affected by the various market factors such as demand, size of market, demographics of buyers. If user base spans a large area then larger distribution channels can be opted and vice versa.

