

Secondary Stage



In Accordance with
NCF 2023

9
CBSE

Marketing & Sales

Skill Education | CODE 412



FULLMARKS

Marketing & Sales

Skill Education | CODE 412

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Full Marks

Progressive Educational Publishers

Published by:

Full Marks

4594A/9, Daryaganj, New Delhi-110002

Phone: 011-43776625

Website: www.fullmarks.org

E-mail: info@fmpl.in

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NEW EDITION

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Preface

In the ever-evolving landscape of commerce, the importance of marketing and sales cannot be overstated. Whether you aspire to become a business leader, an entrepreneur, or simply wish to grasp the essentials of promoting and selling products or services, this course material is designed to lay a solid foundation.

This book has been meticulously crafted to serve as your guide in understanding the fundamental concepts and principles that form the backbone the rapidly expanding hospitality sector with well-prepared sales professionals.

Students ought to grasp the essence of the term Marketing. In simple terms, Marketing can be defined as the execution of business activities that guide the movement of goods from producers to consumers or users. In essence, Marketing encompasses all the activities that bring about shifts in the ownership and possession of goods and services.

Key features of the book:

1. **Comprehensive Coverage:** We cover a wide range of topics, from the basics of marketing strategy to the intricacies of the sales process, ensuring that you gain a holistic understanding of these interconnected disciplines.
2. **Real-world Examples:** To make the learning experience more engaging and practical, we have included numerous real-world examples and case studies. These examples will help you bridge the gap between theory and application.
3. **Interactive Exercises:** Learning is an active process. Throughout the book, you will find interactive exercises and activities that encourage you to apply your knowledge, fostering a deeper understanding of the subject matter.
4. **Industry Insights:** The world of marketing and sales is ever-changing. We have incorporated insights from industry experts to provide you with the latest trends, tools, and strategies employed by successful professionals in the field.
5. **Self-Assessment Tools:** Regular self-assessment quizzes and reflection exercises are included to help you gauge your progress and reinforce your learning.

Remember, the goal is not just to memorize concepts but to understand how skills of Marketing and Sales apply in real-world scenarios. Engage with the material actively; participate in discussions, and don't be afraid to ask questions.

We hope you find this book not only informative, but also inspiring as you embark on your journey into the captivating realms of Marketing and Sales.

–Publishers

INSIDE THE BOOK

Learning Resources

Learning Outcomes

Students will be able to know about

Learning Objectives

- | | |
|---------------------------------------|--------------------------------------|
| 1.1 What is Marketing? | 1.2 Concepts of Utility |
| 1.3 Introduction and Meaning of Sales | 1.4 Importance of Sales |
| 1.5 Need for a Sales Organisation | 1.6 Importance of Sales Organisation |

At a Glance

This section provides summary of the chapter.

At a Glance

- Marketing is indeed an ancient art. It has been practiced in one form or the other.
- Marketing is the performance of business activities that directs the flow of goods and services from producer to consumer.
- Product concept is the oldest concept guiding producers.
- Winning the confidence of customer is as good as fulfilling the goals of the organization.
- Our modern economy is dynamic in nature. The likes, dislikes, price, demand is changing rapidly and the entrepreneur has to take decision according to the changed environment.
- Marketing generates revenue by providing many opportunities in the process of buying and selling the goods, by creating time, place and possession utilities.
- Concept of marketing is a dynamic changed altogether with the passage of time.
- Marketing creates different types of utilities such as form utility i.e. from a plumber to furniture.
- Main objective of marketing policy is to advertise and give assurance of good quality product to the consumer.
- Marketing helps society by informing and educating consumers
- Marketing offers a great range of wide and exciting career opportunities.
- Marketing helps the society by educating consumers and by giving information of new products and services as per their demand and taste.

Glossary

This section contains definitions of important terms.

Glossary

- | | |
|---|---|
| 1. Marketing | : A process by which individuals and organization get what they need and want through creating, offering and exchange products of value with others. |
| 2. Product Concept | : It believed that if the product is good and reasonably priced it will attract many customers and no special marketing efforts are required to be made. |
| 3. Selling Concept | : It is presumed that customer will not normally buy unless they are approached and convinced which means that consumer satisfaction is considered secondary, selling the product is the prime consideration. |
| 4. Marketing Concept | : Under this concept the organization tries its best to determine the needs, wants and desires of the buyer's market. |
| 5. Social Marketing Concept | : The main focus is on giving individual satisfaction by providing quality products at reasonable price and maintaining public welfare. |
| 6. Marketing Information | : The likes, dislikes, price, demand is changing rapidly and thus the entrepreneur has to take decision according to the changed environment. |
| 7. Source of Income and Revenue | : Marketing generates revenue by providing many opportunities in the process of buying and selling the goods. |
| 8. Source of New Ideas | : The concept of marketing is a dynamic concept changing altogether with the passage of time. |
| 9. Consumer Satisfaction | : The main objective of marketing policy is to advertise and give assurance of good quality product to the consumer. |
| 10. Source of Employment | : Marketing offers a great range of wide and exciting career opportunities. |
| 11. Increase in Standard of Living | : The main aim of marketing is to supply goods and services to fulfil the customers' requirements and increase in the standard of living. |
| 12. Sales | : Sales are a vital sub-system of marketing management. Both sales and marketing are used together as they need to work together. |
| 13. Need for a Sales Organisation | : Sales organization is part and parcel of any business firm. All the departments are carefully placed in a good sales organization to achieve the best results. |

Sample Practical Work

Practical learning helps students learn more

PRACTICAL EXERCISE-1

Learning Objectives

- Introduction
- Products of Apple Inc. Company
- Products of Amul Company
- Marketing Concept / Philosophy of Companies
- Conclusion

Introduction

Marketing is a social and managerial process by which individuals and organization get what they need and want through creating, offering and exchange products of value with others. Marketing is referred to as the process of creating, communicating and delivering products for the customers in order to satisfy their needs and wants. The purpose of a marketing philosophy is to identify those needs and fulfil them. Every company follows different marketing philosophies as per their requirement. But in general, there exist four marketing philosophies and a company should follow the right philosophy as per their requirements and customer needs. The objectives of this practical are:

1. To Study the various Products of Apple Inc. and Amul Company.
2. To Identify the Marketing Philosophy of Apple Inc. and Amul in the Market.

Products of Apple Inc. Company

Product is the root of marketing. A product can be anything tangible as well as intangible goods or services that a marketer offers to its customers to satisfy their needs. The main products of Apple Inc. are as follows:



SAMPLE PROJECTS

PROJECT-1

Topic: Buyer Behaviour and its implications in selling products

Outcomes of Project:

- Introduction
- Identification of Core and Advance Issues of Buyer Behaviour
- Learning and Understanding of Buyer Behavior
- Observations and Findings

Introduction

Marketing is the process of creating value for customer and delivering goods and services for earning profit. It is an action which attracts a customer to give up his money willingly to a business. Marketers play crucial role for the customers, company and society. By identifying the customers' need Marketers help in production of want satisfying goods and so create value for buyer's money. Marketers continuously aim to create an image of the company in general public eyes. They tend to create brand name recognition with which consumers can easily associate the brand name with the images, logo or caption that they hear and see in the advertisements. Buyers are the foundation of any business organisation. No business organisation can grow, survive or excel without buyers or customers. Therefore marketing firms must aim at understanding the behaviour of its buyers. They must conduct thorough research to find out



Consumer Buying Behaviour

- (a) What factors drive his buyer to act?
- (b) Who are the people influencing the buying decision of the buyer?
- (c) What are the needs of their buyers?
- (d) What is the occasion for which the buyer is likely to make purchase?
- (e) What is the frequency of buying?

Sample Project Work

It helps the students work outside the classroom environment while improving their practical skills.

Assessment Tools

Knowledge Assessments

It presents questions before the students to access their current progress on the ongoing topic.

Assessment 1

A. Fill in the Blanks

1. An assesses the situation with a customer, determines his/her needs and presents the product to convince the customer to buy it.
2. The Support personnel do not but build goodwill of the firm.
3. The company uses courier-services, logistic-service providers and drop shippers to the products to the customers.
4. Order-taking relates with completing after customer has already decided to buy.
5. After packaging the products are joined or stacked together for delivery near the

Answers:

1. Order-getter
2. Close sales
3. Deliver
4. Transaction
5. Billing counter

B. Multiple Choice Questions

1. Larger companies often operate distribution center located at different places.
(a) Single (b) two (c) multiple
2. Support personnel include
(a) Missionary salespeople (b) Technical specialists (c) Both
3. Order-taking is transaction after customer has already decided to buy.
(a) Completing (b) starting

Answers:

1. (c) multiple
2. (c) Both
3. (a) Completing

C. True or False

1. Sorting is a process that separates the products according to destinations where they have to be delivered.
2. Selling can be performed by unskilled people also.
3. Large companies operate only one distribution center located at head office.
4. Picking step in order processing consists of taking and collecting products in a specified quantity before delivery or shipment to confirm customers' orders.

Answers:

1. True
2. False
3. False
4. True

Checklist for Assessment Activity

1. Use the following checklist to check whether your students could meet all the requirements for assessment.

Part A:

1. Differentiate order getting and order taking in Selling.
2. Explain the concept of order getting.
3. Why are the Support Personnel Activities important for an organization?
4. Explain in detail the process of order delivery.

Part B

Class Activity:

1. Ask the students to pick up a product of their choice and try to sell it in the class by applying various steps of Order-processing in selling.

Activity

It provides an activity to the students allowing them to research and learn new things.

Activities

1. Divide students into small groups and assign each group one of the topics. Discuss the Marketing key points, benefits and challenges associated with their assigned topic. Encourage them to share real-life examples or case studies to support their points.
2. Create scenarios related to marketing and sales situations. Ask the students to role-play different roles such as a salesperson, customer or marketing manager. This helps them understand practical aspects and challenges in these areas.
3. Invite professionals from the marketing and sales industry to speak to students. They can share their experiences and the importance of marketing and sales in their respective fields. This provides students with a real world perspective.

Additional Questions with Answers

It contains MCQs, Fill in the blanks to test and improve their mental dexterity.

Additional Questions with Answers

1. Multiple Choice Questions

1. What is the main role of a counter salesman?
(a) Generate new leads and prospects (b) Handle online customer inquiries
(c) Receive and execute orders from regular buyers (d) Conduct market research and analysis
2. Which type of sales task highlight benefits rather than describe product features?
(a) Order-Taking (b) Order-Getting (c) Transaction-Processing (d) Clerical Training
3. Why is Consolidation important in the order processing?
(a) To identify customers' needs (b) To prevent damage to the products
(c) To organize the delivery process (d) To check the availability of products in stock
4. What is the purpose of the sorting step in the order processing?
(a) To check the availability of products in stock
(b) To take and collect products in a specified quantity
(c) To separate products based on their destinations for delivery
(d) To ensure proper packaging of the products
5. How does the company perform the delivery of products?
(a) The consumers collect the products themselves
(b) They make use of courier services, logistic service providers and drop shippers
(c) Both (a) and (b)
(d) The company does not handle product delivery
6. What is the primary role of missionary salespeople?
(a) Closing sales (b) Educating customers
(c) Restocking shelves (d) Providing technical assistance
7. Which payment mode is popular among Indian buyers in e-commerce transactions, where the salesman or delivery boy collects money upon delivering the product?
(a) Credit card (b) Electronic fund transfer
(c) Equated Monthly Instalment (EMI) (d) Cash on Delivery (COD)
8. What is the primary purpose of the daily sales report?
(a) Monitoring sales personnel's attendance
(b) Identifying potential customers
(c) Evaluating the effectiveness of marketing campaigns
(d) Supervising and assessing the day's sales performance

Answers:

1. (c) Receive and execute orders from regular buyers
2. (b) Order-Getting
3. (c) To organize the delivery process
4. (c) To separate products based on their destinations for delivery
5. (c) Both (a) and (b)
6. (b) Educating customers
7. (d) Cash on Delivery (COD)
8. (d) Supervising and assessing the day's sales performance

Exercise

It contains a variety of questions to assess the concepts taught in the unit/chapter.

Exercises

CBSE Textbook Questions with Answers

Assignment 1

A. Short Questions

1. What is marketing?
Ans. Marketing is a social and managerial process by which individuals and organization get what they need and want through creating, offering and exchange products of value with others.
2. What is the meaning of selling concept?
Ans. The selling concept focuses on increasing the sales of the product by the use of promotional techniques. These are advertising, personal selling and sales promotion considered essential for selling products.
3. What is the concept of marketing?
Ans. Marketing is the process of acquiring the right goods or services or even the ideas to the right people at the right place, right time and price. It also uses the right promotion techniques to provide the customer services that are associated with the goods and services.
4. What is the product concept of marketing?
Ans. The product concept is based on the philosophy that customers will prefer products that offer quality, performance and innovation-related features. The creative and innovative products will be new or improved versions of existing products.
5. What is the societal marketing concept?
Ans. The societal marketing concept is an extension of the marketing concept as customer satisfaction is supplemented by social welfare. This concept pays attention to social, ecological and ethical aspects of marketing for dealing with problems like environmental pollution, deforestation, shortage of resources, population explosion, etc.

B. Briefly explain the importance of marketing in relation to:

- (a) Customer and society
- (b) Organization.

Answers:

- (a) A customer is a person who buys things, and a consumer society is a society that encourages people to buy and use goods. People in consumer societies tend to live more comfortably. They eat a wider variety of food. They go to restaurants more often. They also buy a lot of products, maybe more than they need.
- (b) An organization is a group of people who work together, like a neighbourhood association, a charity, a union, or a corporation. You can use the word organization to refer to group or business, or to the act of forming or establishing something.

Syllabus

	UNITS	NO. OF HOURS for Theory and Practical 220	MAX. MARKS for Theory and Practical 100
PART A	Employability Skills		
	Unit 1 : Communication Skills-I	13	2
	Unit 2 : Self-Management Skills-I	07	2
	Unit 3 : ICT Skills-I	13	2
	Unit 4 : Entrepreneurial Skills-I	10	2
	Unit 5 : Green Skills-I	07	2
	Total	50	10
PART B	Subject Specific Skills		
	Unit 1: Introduction to Marketing and Sales	20	05
	Unit 2: Concept of Market	20	05
	Unit 3: Basic concept of Sales and selling	20	10
	Unit 4: Understanding customer & consumer	30	10
	Unit 5: Activities in Sales and Marketing	30	10
	Total	120	40
PART C	Practical Work		
	Project	50	10
	Viva		05
	Practical File		15
	Demonstration of skill competency via Lab Activities		20
	Total		50
	Grand Total	220	100

PART-B – SUBJECT SPECIFIC SKILLS

UNIT	SUB-UNIT	SESSION/ ACTIVITY/ PRACTICAL
Unit1: Introduction to Marketing and Sales	Session 1 : What is marketing	Theory: <ul style="list-style-type: none"> • Introduction to Marketing • Product concept • Selling concept • Marketing Concept • Social Marketing Concept Significance/ Importance of Marketing • What is sales • Importance of sales and needs of sales organization Activity - PowerPoint Presentation on the four concept of Marketing.
	Session 2 : Concept of utility	

UNIT	SUB-UNIT	SESSION/ ACTIVITY/ PRACTICAL
Unit 2: Concept of Market	Session 1 : Concept of market Session 2 : Competition Session 3 : Product market Session 4 : Service market	Theory: <ul style="list-style-type: none"> • Introduction to concept of market. • Exchange concept. • Online market • Definition of competition and it's types • Product market • Service market and it's nature and characteristics Activity - PowerPoint Presentation direct and indirect competition
Unit 3: Basic Concept of Sales and Selling	Session 1. Concept of selling Session 2 : Types of selling Session 3 : Selling task Session 4 : Intermediaries/Channels of distributions	Theory: <ul style="list-style-type: none"> • Concept of selling • Features of selling • Scope of selling • Types of selling • Types of selling task • Meaning and types of Intermediaries • Functions of Intermediates • Factors affecting choice of intermediaries. • Online intermediate models. Activity - 1. Make a PowerPoint Presentation of selling of product in market 2. Give a list of product to the student and ask them to identify different selling types used in selling the product 3. Choose a product or services of your choice and identify what kind of intermediaries are selling the product in the market.
Unit 4: Understanding Customer and Consumer	Session 1 : Understanding consumer and customer Session 2 : Types of customer Session 3 : Buyers behaviour Session 4 : Factors influencing buyers behaviour	Theory: <ul style="list-style-type: none"> • Introduction to Consumer and customer • Difference between business versus Individual buyer. • Difference between customer and consumer. • Meaning of buyers behaviour • Types of needs • Importance of understanding Buyers behaviour • Factor influencing buyers behaviour Activity - makeup PowerPoint presentation on difference between consumer and customer and types of customer.
Unit 5: Activities in Sales and Marketing	Session 1 : Sales task Session 2: Money collection and sales reporting Session 3 : Role of marketing, Professional Session: 4 Role of salesman	Theory: <ul style="list-style-type: none"> • Concept of sales task. • Order getting and order taking. • Order processing. • Order delivery. • Money collection • What is sales? • Daily sales reporting • Role of the marketers • Selling and marketing concept. Activity - 1. Make a PowerPoint presentation on different activities in order processing of direct sale and online sale. 2. Collect few specimens of invoices and payment instrument used by buyers in selling 3. Prepare production plan of a product of your choice keeping in view role of Marketer

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Introduction to Marketing and Sales

Learning Objectives

- | | |
|---------------------------------------|--------------------------------------|
| 1.1 What is Marketing? | 1.2 Concepts of Utility |
| 1.3 Introduction and Meaning of Sales | 1.4 Importance of Sales |
| 1.5 Need for a Sales Organisation | 1.6 Importance of Sales Organisation |

1.1 What is Marketing?

The concept of marketing is as old as other professions of the world. Marketing is indeed an ancient art. It has been practiced in one form or the other. The traditional objective of marketing had been to make the goods available at places where they are needed. This idea was later on changed by shifting the emphasis from “exchange” to “satisfaction of human wants” which is known as modern marketing. Today marketing is based around providing continual benefits to the customer. These benefits will be provided and a transactional exchange will take place.



The students should understand the meaning of the term Marketing. Simply stated the meaning of the term Marketing is performance of business activities that direct the flow of goods from producers to consumers or users. It may be said that marketing includes all those activities which effect changes in the ownership and possession of goods and services.

1.1.1 Meaning and Definition of Marketing

Marketing is a set of activities that is used to identify the needs of people and to produce products or services to satisfy their needs. It means to identify target market segments and offer quality products or services.

“ Marketing is the performance of business activities that directs the flow of goods and services from producer to consumer or user.
 – American Marketing Association

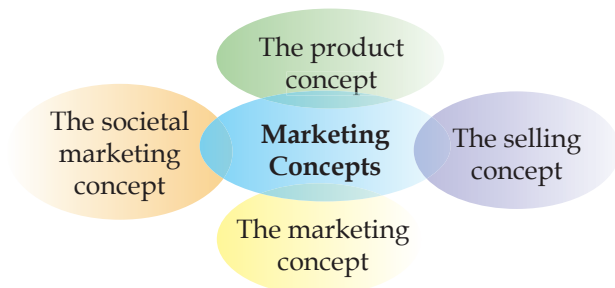
Marketing is a social and managerial process by which individuals and organization get what they need and want through creating, offering and exchange products of value with others.

– Marketing Guru Philip Kotler ”

If we analyze the above definition, the following points will emerge to understand the meaning of marketing:

- (i) Discovering and translating consumer needs and desires into products and services.
- (ii) Creating demand for these products and services
- (iii) Serving the customers demand
- (iv) Expanding the market even in the face of keen competition. The general aim of marketing is to have a regular flow of goods among customers. This aim targets to ensure the optimum satisfaction of the organization, customers and society. These can be achieved if businesses concerns conduct their marketing activities with responsibility and follow the clear-cut concepts which are:

1. The product concept
2. The selling concept
3. The marketing concept
4. The societal marketing concept



1.1.2 The Product Concept

The product concept is the oldest concept guiding producers. It is believed that if the product is good and reasonably priced, it will attract many customers and no special marketing efforts are required to be made. It is the quality of the product that attracts the customers. But companies often design their products with little or no customer inputs. This concept does not remain profitable in the long run and marketers have no choice but to move to the next concept.

“ Product is anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or a need.
 – Philip Kotler ”



Product Concept

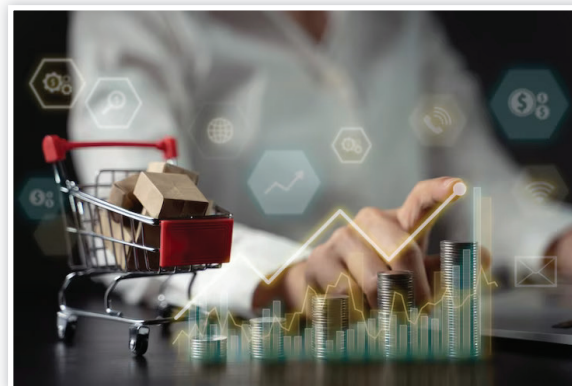
This concept has failed in operation. The companies produced quality products. They are not able to push up the sales unless they take other positive steps to design attractive package and price the product and place them in proper distribution channels. The companies need to bring them to the notice of the prospective buyers and convince them that the products have superior quality and fair price.

Example: Apple is one of the largest tech companies of the world. iPhone, TV, Store, Music, Videos and iPad are some of the main products of Apple. The company also follows the product concept by the focus on delivering a quality product. The customer market of Apple does not care about the price.

Ford was the first vehicle company. It commenced delivering more vehicles in the market. People purchased it because it was the only product available at that time.

1.1.3 The Selling Concept

The second concept is the selling concept. Under this it is assumed that customer will not normally buy unless they are convinced. This means consumer satisfaction is considered secondary. Selling the product is the prime consideration. This concept is used for goods which customers do not buy normally such as vacuum cleaners, insurance etc. These goods are sold by tracking down the target segment and sold on the good quality of the product.



The Selling Concept of Marketing

There is little measurement of what the public wants and a lot of selling effort to get the public to accept policies that a few want.
—Kotler

Example: Insurance companies follow the selling concept by assuming that it's good for everyone and everybody should buy insurance. The insurance agents focus on selling more and more products because that's how they earn their commission and profit.

1.1.4 The Marketing Concept

Under this concept the organization tries its best to determine the needs, wants and desires of the buyer's market. Finally, it takes steps to deliver the desired satisfaction most effectively and efficiently.

The organization believes that it can win the loyalty of its customers by giving them satisfactory services. Winning the confidence of customer is as good as fulfilling the goals of the organization. Thus we can say that marketing concept can be implemented by asking the following three questions to yourself or to your organization:

- (1) What is the target market?
- (2) What are the needs, wants and demands of the target market?
- (3) How best can we deliver a value proposition?

In the modern scenario more than half of the world population is online. The businesses look into providing value to the customer through digital marketing. But all types of digital marketing may or may not be fruitful to this end. The best example of this marketing concept is Coke vs. Pepsi. In this case it's not just about doing another Facebook ad, but much more about the product and marketing positioning in the customer's eye.



Marketing Concepts

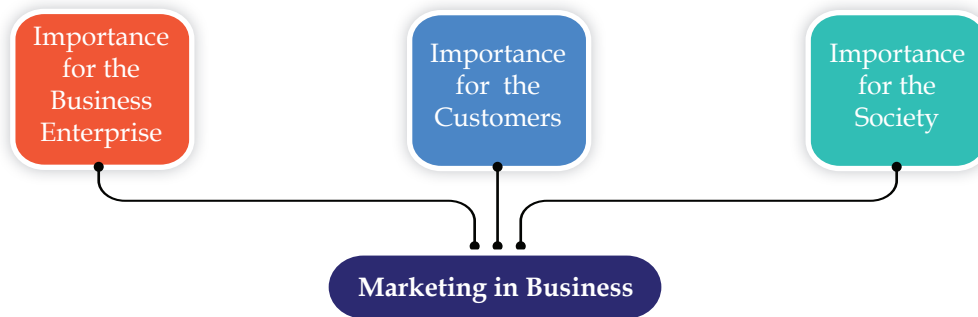
1.1.5 The Societal Marketing Concept

Although marketing concept has been accepted as one of the tools of satisfying customers, it becomes difficult in practice to establish it. It demands proper planning, persuasion skills, communication skills, education and organization. In this concept the focus is on giving individual satisfaction so far the customer is concerned, by providing quality products at reasonable price, good supply channels and maintain public welfare. This attitude on the part of the organization encourages customers to achieve long term profits. For example if a company produces a vehicle which consumes less petrol but spreads pollution. This will result in only consumer satisfaction and not the social welfare. Primarily two elements are included under social welfare: high-level of human life and pollution free atmosphere. Therefore the companies direct all their efforts towards the achievement of consumer satisfaction and social welfare.

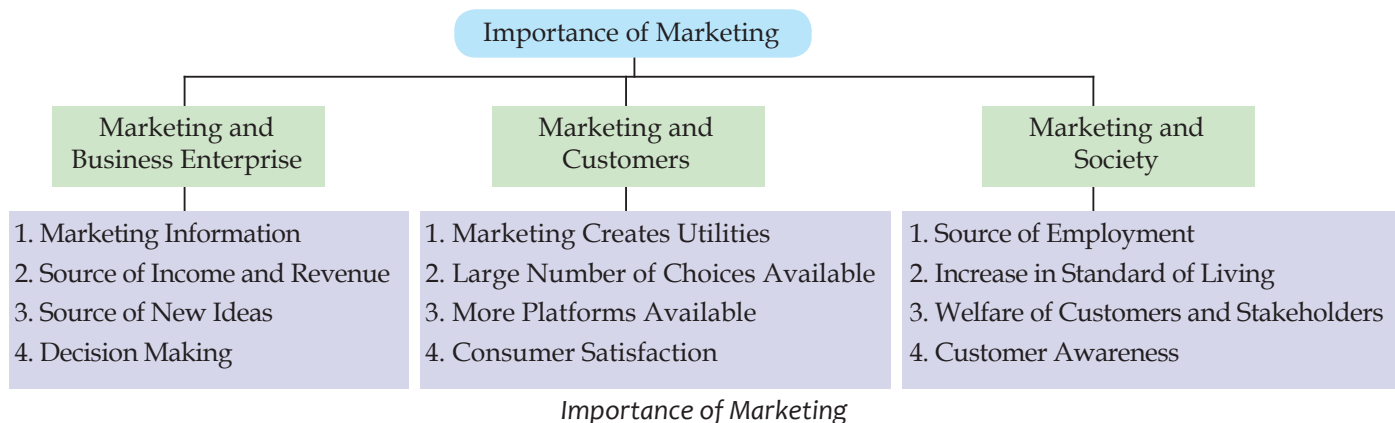


1.1.6 Importance of Marketing in Business

The importance of Marketing has been recognized ever since the business came into existence. In the present business scenario without marketing an enterprise would be unable to fight for its survival in the business world. Thus Marketing is an important tool in the hands of business enterprise. Its importance to business can be understood as under.



1. Importance of marketing for business enterprise—source of revenue.
2. Importance of marketing to customers—satisfaction of needs and desires and improvement in standard of living.
3. Importance of marketing to society—to assess the needs, habits and feeling of customers to produce the desirable goods in the market.



1.1.7 Importance for the Business Enterprise

1. **Marketing Information:** Our modern economy is dynamic in nature. The likes, dislikes, price, demand is changing rapidly. Thus the entrepreneur has to take decision according to the changed environment. The entrepreneurs have to look for new products, new customers, new market, new technology etc. All these information can be collected by the entrepreneur through various marketing sources and thus adopt the same to survive in the competition.
2. **Source of Income and Revenue:** Marketing generates revenue by providing many opportunities in the process of buying and selling the goods, by creating time, place and possession utilities. This income and profit are reinvested in the concern, thereby earning more profits in future.
3. **Source of New Ideas:** The concept of marketing is a dynamic concept. It has changed altogether with the passage of time. Such changes have far reaching effects on production and distribution. With the rapid change in tastes and preference of people, marketing has to come up with the unique products.
4. **Decision Making:** Producers produce goods and services. It is very important for them to know:
(a) What to produce? (b) Where to produce? (c) How much to produce?

All these directly impact on the profit of the organization. All these decision are important and major and hence difficult to take. Marketing helps the producers to take the right decision at the right time. Hence success of any business and proper decision are interdependent and which is possible due to marketing.

1.1.8 Importance for the Customers

Marketing helps inform customers about their product, brand, mission and values and how they solve their problems. The contribution of marketing for customer can be summarized as follows:

1. **Marketing Creates Utilities:** Marketing creates different types of utilities such as:
(a) Form utility *i.e.* from a plumber to furniture,
(b) Place utility *i.e.* product moving from the factory to the customer,
(c) Time utility *i.e.* product available when needed,
(d) Information utility *i.e.* ingredients of the product and even how to use the product and
(e) Possession utility *i.e.* transfer of ownership from retailer to customer.
2. **Large Number of Choices Available:** Marketers create needs and wants and try to satisfy that through offering variety of product choices. If one wants soap, a number of brands available. For example, Lux, Pears, Rexona, Dove are range of soaps offered by HUL.
3. **More Platforms Available:** With the advent of technology, the marketers are offering customers both offline and online platforms to purchase. Now marketers are serving more number of customers through different ways. The reminders of sales come through SMS, E-Mail, Facebook and WhatsApp. Even customers have become smarter. They search for information from different online platforms and buy the best deal.
4. **Consumer Satisfaction:** The main objective of marketing policy is to advertise and give assurance of good quality product to the consumer. When the expectations and requirements of customers are fulfilled the customers become more comfortable and get satisfied. Marketing efforts result into customers' satisfaction by way of honest advertising, assurance of quality of products. In this manner marketing makes efforts to give satisfaction to the consumers.

1.1.9 Importance for the Society

Marketing helps society by informing and educating consumers. The function of marketing is to fulfill the needs of consumers. Marketing helps consumers to know about new products and services available in the market and its usefulness to the customer. The contribution of marketing for society can be summarized as follows:

1. **Source of Employment:** Marketing offers a great range of wide and exciting career opportunities. Marketing offers employment in the field of personal selling, packaging and advertising, marketing research, consultancy, distribution and channel sales.
2. **Increase in Standard of Living:** The main aim of marketing is to supply goods and services to fulfil the customers' requirements. Marketing finds out the requirements of the customers and accordingly make efforts to supply quality products at cheaper prices. This in turn helps to maintain and raise the standard of living of the customers.
3. **Welfare of Customers and Stakeholders:** Though profit maximisation is main objective of every business but many marketers have taken up corporate social responsibility in order to give back to society.
4. **Customer Awareness:** Marketing helps the society by educating consumers. It gives information of new products and services available to the people as per their demand and taste. Marketing also includes information to help in making a purchase.

1.2 Concepts of Utility

Utility is the consumer's estimate of the product's overall capacity to satisfy his or her needs. In that case the product may be ranked from the most need satisfying to the least need satisfying.

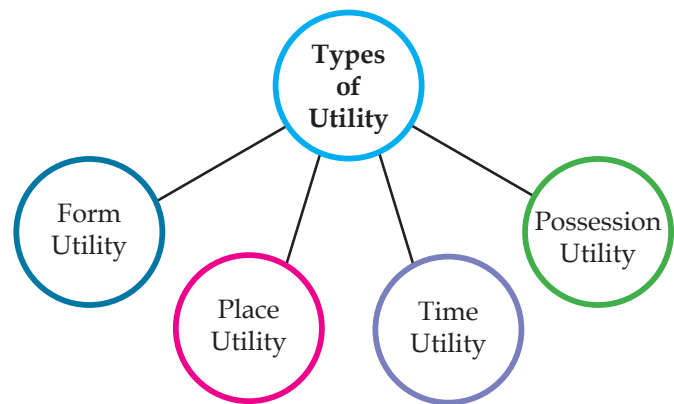
- ◆ How do consumer's choose among the products that might satisfy a given need?

We can explain this with the help of an example. Suppose Mr. Ravi needs to travel 5 KM to and fro to work each day. Mr. Ravi can think of a number of products that will satisfy this need – walking, skating, a bicycle, a motorcycle, a taxi cab and a bus. These alternatives will constitute his product choice set. Now if Mr. Ravi would like to satisfy different needs in travelling to work namely speed, safety, ease and economy, we will call these need set. Now each of the above products has a different capacity to satisfy his various needs. Thus a bicycle will be slower, less safe, a more effortful than a car, but it will be more economical. We can ask Mr. Ravi to imagine the characteristic of an ideal product for his task that would get him to his place of work in a split of second with absolute safety, no effort and zero cost. Than the utility of each actual product would depend on how close it can be to this ideal product. To illustrate, suppose Mr. Ravi is primarily interested in the speed and ease of getting to work. The figure alongside presents a product-space map showing where each actual product stands in its ability to satisfy these two needs. The closer an actual product is to Mr. Ravi's ideal product, the greater is its utility to Mr. Ravi.

1.2.1 Types of Utility

There are mainly four kinds of utility: form utility, place utility, time utility and possession utility. These utilities affect an individual's decision to purchase a product.

- 1. Form Utility:** This utility is created by changing the form or shape of the products. For example a cabinet turned out from steel furniture made of wood and so on. Basically form utility is created by the manufacturing of goods.
- 2. Place Utility:** This utility is created by transporting goods from one place to another. Thus in marketing goods from the factory to the market place, place utility is created. Similarly when food-grains are shifted from farms to the city market by the grain merchants, place utility is created.
- 3. Time Utility:** Storing, hoarding and preserving certain goods over a period of time may lead to the creation of time utility for such goods e.g., by hoarding or storing food-grains at the time of a bumper harvest and releasing their stocks for sale at the time of scarcity. Traders derive the advantage of time utility and thereby fetch higher prices for food-grains.
- 4. Possession Utility:** This utility defines the satisfaction and gains received from using and having a particular commodity. In general, a useful product holds a more enhanced possession utility.



1.3 Introduction and Meaning of Sales

Sales are a vital sub-system of marketing management. Both sales and marketing are used together as they need to work together. But in fact, they are two very different functions and require very different skills.

We can define sales as: The activities and processes involved in exchanging a product or service with another party in return for money.

In simple and general terms, sales are:

- A transaction between two parties where the buyer receives goods (tangible or intangible goods), services and or assets in exchange for money.
- An agreement between a buyer and a seller on the price of a security.



1.3.1 Sales = Sell What's in Stock

The job of Sales is to sell what's in stock. The company has its specific products or services and the job of Sales is to sell those things which are in stock. Sales develop relationships with customers and channel partners. They knock down the doors, overcome any objections raised by the customer on account of the product or services, negotiate prices and terms and often work internally to be doubly sure that their customer's orders are fulfilled.

The Sales is seen from inside the company out towards the customers. Their horizon is focused entirely on sales and the revenue which has to be achieved for this week, this month or this quarter.



1.3.2 Marketing = Align with the Customers, Now and for the Future

This can be best understood with the help of the following example. The best hunters even cannot bring home dinner if they are shooting blanks at decoys. We know that markets are rapidly changing. The job of marketing is to stay ahead of the changes, and help the hunters see where they should be hunting and provide them with the right ammunition. If Marketing is only focused on delivering the ammunition for today nobody will see where the industry is moving or where the company needs to hunt next. This limits growth sales team needs to be focused on. You cannot run a company unless your sales team is focused on bringing in today's business. But you cannot really ask your Sales leaders where the company should go next and to develop the 18-month plan to get there without losing focus on today's revenue.



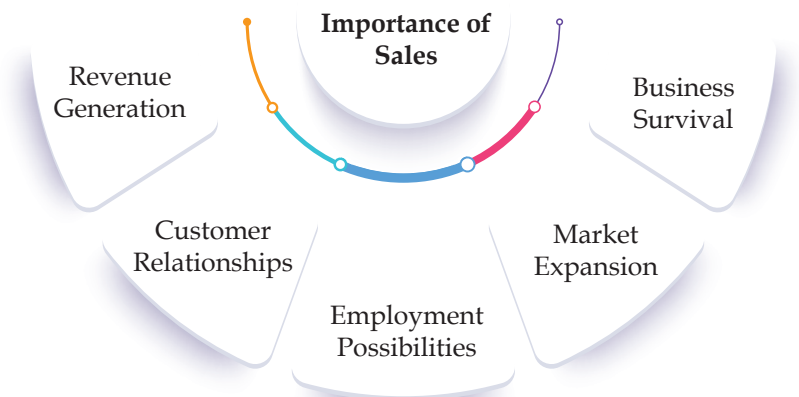
1.4 Importance of Sales

In any business organization it is the sales department that generates revenue. No matter:

- (a) How good your manufacturing and production operation are,
- (b) How latest your technology is,
- (c) How tight your financial goals are,
- (d) How progressive your management thinking and techniques are,

You must still have a sales mechanism in place, or everything else is useless.

The Sales department consists of persons working together for the effective marketing of products manufactured by the firm. It is the sales department which coordinates and provides an efficient, economic and flexible administrative set up to ensure timely movement of products from the buyers to the sellers. A sales organization has a number of departments and performs the functions of planning, organizing and controlling marketing and distribution of products:



departments and performs the functions of planning, organizing and controlling marketing and distribution of products:

1. **Revenue Generation:** Revenue and sales are closely related. It is the cash that customers give the company in exchange for goods or services. Without income, a business cannot pay its bills, pay its workers and invest in expansion.
2. **Business Survival:** The survival of a business depends on sales. It guarantees that a company will remain valuable, relevant, and competitive.

3. **Market Expansion:** Successful sales enable companies to investigate new markets. This growth may be geographic, reaching out to new areas, or demographic, focusing on various customer types.
4. **Employment Possibilities:** A successful sales department generates numerous job opportunities.
5. **Customer Relationships:** When interacting with customers personally, salespeople serve as the company's public face. These connections are based on mutual understanding, meeting customer needs, and trust.

1.5 Need for a Sales Organisation

Sales are the life blood of business. Sales organization is part and parcel of any business firm. All the departments are carefully placed in a good sales organization to achieve the best results. A small firm does not need any sales organization as the proprietor himself can sell all the products. He is assisted by one or two salesmen under his direct control. But when the business expands and diversifies itself which may be due to extension of markets, production in large scale, competitive market etc., the need for a sales organization is felt. The need arises because of the following factors:

1. When seeing the production in anticipation of demand, which must be sold.
2. To create demand for the products through efficient salesmen.
3. Orders have to be executed without delay.
4. Satisfactory action to be taken against complaints received from customers.
5. Timely collection of credit sales if any.
6. Keeping stock in hand for the future demand.
7. Maximum contribution to profit.
8. To enforce proper supervision of sales-force.
9. To divide and fix authority among the subordinates.
10. To locate responsibility.

1.6 Importance of Sales Organisation

A sales organisation is the mechanism through which a sales manager's philosophy is translated into action. The sales organisation provides the vehicle for making decisions on planning, organisation, selection and training of salesmen, their motivation, directing and controlling them. It also provides vehicle through which these decisions are implemented.

“ A sale organisation is like a power-station sending out energy which is devoted to the advertising and selling of particular lines and there is a tremendous waste of energy between the power station and the points where it reaches the consumers. Therefore, there arises the necessity of organizing the sales department. -Boiling”

Let us now understand the importance of sales organization.

1. **To Plan Purchase:** The sales of the company depend on the sales anticipation. The sales will increase only when the consumer purchases the goods or services. Therefore the company has to plan the sales according to the consumer need and want, meaning where they want the product,

what they want etc. The planning and development is done accordingly to satisfy the need of consumer.

2. **To Create Pattern of Demands for Products:** The demand of the product is created to lead to sell in the market. When a product is manufactured in the factory, it is not sold automatically. Salespersons push the product to consumers. The sale depends on the consumer's need and perception. This need is created by the selling skills, promotions through advertisements, etc., which in turn help in creating demand in market.
3. **To Handle the Orders Received:** This is an important step where the salesperson has to answer the calls and queries of the customers, receive orders and make the product ready as per the demand of consumers. Finally the products are packed and dispatched as per the expectation of consumer; all these are imperative and effective tasks.
4. **To Collect the Dues:** Sales cannot always be done for cash. Bulk sales are made on credit. It's very difficult for an organization to perform only on the basis of cash sales; in this competitive market, credit sales play a crucial role. After the credit sales have been done the organization has to collect dues. It is a very challenging task as the salesperson has to retain the business and still get the task done.
5. **To Handle the Task of Personnel Management:** Every organization wants best sales personnel to enhance the sales. This depends on training. The organization has to select, train, motivate, monitor and control its sales personnel. Here the company has to make an investment in sales personnel.

At a Glance

- Marketing is indeed an ancient art. It has been practiced in one form or the other.
- Marketing is the performance of business activities that directs the flow of goods and services from producer to consumer.
- Product concept is the oldest concept guiding producers.
- Winning the confidence of customer is as good as fulfilling the goals of the organization.
- Our modern economy is dynamic in nature. The likes, dislikes, price, demand is changing rapidly and the entrepreneur has to take decision according to the changed environment.
- Marketing generates revenue by providing many opportunities in the process of buying and selling the goods, by creating time, place and possession utilities.
- Concept of marketing is a dynamic changed altogether with the passage of time.
- Marketing creates different types of utilities such as form utility *i.e.* from a plumber to furniture.
- Main objective of marketing policy is to advertise and give assurance of good quality product to the consumer.
- Marketing helps society by informing and educating consumers.
- Marketing offers a great range of wide and exciting career opportunities.
- Marketing helps the society by educating consumers and by giving information of new products and services as per their demand and taste.
- Utility is the consumer's estimate of the product's overall capacity to satisfy his needs.
- Sales are a vital sub-system of marketing management.

- The company has its specific products or services and the job of Sales is to sell those things which are in stock.
- The job of marketing is to stay ahead of the changes and help the hunters see where they should be hunting and provide them with the right ammunition.
- Sales organization has a number of departments and performs the functions of planning, organizing and controlling marketing and distribution of products.
- Revenue and sales are cash that customers give the company in exchange for goods or services.
- Survival of a business depends on sales. It guarantees that a company will remain valuable, relevant and competitive.
- A successful sales department generates numerous job opportunities.
- Sales are the life blood of business. Sales organization is part and parcel of any business firm.
- A sales organisation is the mechanism through which a sales manager's philosophy is translated into action.

Glossary

- | | |
|---|--|
| 1. Marketing | : a process by which individuals and organization get what they need and want through creating, offering and exchange products of value with others |
| 2. Product Concept | : it believed that if the product is good and reasonably priced it will attract many customers and no special marketing efforts are required to be made |
| 3. Selling Concept | : it is presumed that customer will not normally buy unless they are approached and convinced which means that consumer satisfaction is considered secondary, selling the product is the prime consideration |
| 4. Marketing Concept | : under this concept the organization tries its best to determine the needs, wants and desires of the buyer's market |
| 5. Social Marketing Concept | : the main focus is on giving individual satisfaction by providing quality products at reasonable price and maintaining public welfare |
| 6. Marketing Information | : the likes, dislikes, price, demand is changing rapidly and thus the entrepreneur has to take decision according to the changed environment |
| 7. Source of Income and Revenue | : marketing generates revenue by providing many opportunities in the process of buying and selling the goods |
| 8. Source of New Ideas | : the concept of marketing is a dynamic concept changing altogether with the passage of time |
| 9. Consumer Satisfaction | : the main objective of marketing policy is to advertise and give assurance of good quality product to the consumer |
| 10. Source of Employment | : marketing offers a great range of wide and exciting career opportunities |
| 11. Increase in Standard of Living | : the main aim of marketing is to supply goods and services to fulfil the customers' requirements and increase in the standard of living. |
| 12. Sales | : sales are a vital sub-system of marketing management. Both sales and marketing are used together as they need to work together |
| 13. Need for a Sales Organisation | : sales organization is part and parcel of any business firm. All the departments are carefully placed in a good sales organization to achieve the best results |

Exercises

CBSE Textbook Questions with Answers

Assignment 1

A. Short Questions

1. What is marketing?

Ans. Marketing is a social and managerial process by which individuals and organization get what they need and want through creating, offering and exchange products of value with others.

2. What is the meaning of selling concept?

Ans. The selling concept focuses on increasing the sales of the product by the use of promotional techniques. These are advertising, personal selling and sales promotion considered essential for selling products.

3. What is the concept of marketing?

Ans. Marketing is the process of acquiring the right goods or services or even the ideas to the right people at the right place, right time and price. It also uses the right promotion techniques to provide the customer services that are associated with the goods and services.

4. What is the product concept of marketing?

Ans. The product concept is based on the philosophy that customers will prefer products that offer quality, performance and innovation-related features. The creative and innovative products will be new or improved versions of existing products.

5. What is the societal marketing concept?

Ans. The societal marketing concept is an extension of the marketing concept as customer satisfaction is supplemented by social welfare. This concept pays attention to social, ecological and ethical aspects of marketing for dealing with problems like environmental pollution, deforestation, shortage of resources, population explosion, etc.

B. Briefly explain the importance of marketing in relation to:

(a) Customer and society

(b) Organization.

Answers:

(a) A customer is a person who buys things, and a consumer society is a society that encourages people to buy and use goods. People in consumer societies tend to live more comfortably. They eat a wider variety of food. They go to restaurants more often. They also buy a lot of products, maybe more than they need.

(b) An organization is a group of people who work together, like a neighbourhood association, a charity, a union, or a corporation. You can use the word organization to refer to group or business, or to the act of forming or establishing something.

C. Distinguish between the selling concept and the marketing concept.

Answers:

Selling concept

- Converting product into cash.
- Fragmented approach to setting.
- Cost determine price.
- Emphasis of sale of the product already used.
- Buyer beware principle followed.

Marketing concept

- Converting customers need into product.
- Integrated approach to marketing.
- Customer determine price, price determine cost.
- Emphasis on product development.
- Seller beware principal followed.

D. Fill in the blanks.

1. Marketing helps in demand for products and services.
2. Fulfilling the goals of the organization is as good as the confidence of the customers.
3. of any business and are interdependent and possible due to marketing.
4. Marketing is a and aspect in today's dynamic and changing environment.

Answers:

1. Increasing
2. Winning
3. Success, proper decision
4. dynamic, crucial

Assignment 2

A. Short Questions

1. Explain the concept of utility?
Ans. A customer is the one who usually determines his demand for goods on the basis of the satisfaction (utility) that he procures from them. Utility of goods is his want-satisfying capability. More is the aspiration to have the goods, the more is the utility procured from them.
2. What do you mean by sales?
Ans. Sales refer to the exchange of goods and services in return for the money. It is a process to transfer goods from manufacturer to distributor, distributor to wholesaler, wholesaler to retailer and from retailer to the consumer. The primary objective of sales is to increase revenue.
3. How is sales important in business?
Ans. In any business organization it is the sales department that generates revenue. No matter how good your manufacturing and production operation are, how latest your technology is, how tight your financial goals are or how progressive your management thinking and techniques are, you must still have a sales mechanism in place or everything else is useless.
4. Give reasons why need for sales organization is felt?
Ans. Sales are the life blood of business. Sales organization is part and parcel of any business firm. All the departments are carefully placed in a good sales organization to achieve the best results. A small firm does not need any sales organization as the proprietor himself can sell all the products. He is assisted by one or two salesmen under his direct control. But when the business expands and diversifies itself which may be due to extension of markets, production in large scale, competitive market etc., the need for a sales organization is felt.

B. Multiple Choice Questions

1. The form of business organization that has the maximum sales in terms of volume is the:
(a) Partnership (b) Corporation (c) Cooperative (d) Multinational
2. The simplest form of business ownership is:
(a) Proprietorship (b) Partnership (c) Corporation (d) Cooperative
3. Which is advantageous for a sole proprietor?
(a) Ease of starting a business (b) Being your own boss
(c) Proud of being an owner (d) All of the above.

Answers:

1. (b) Corporation
2. (a) Proprietorship
3. (c) Proud of being an owner

Additional Questions with Answers

A. Multiple Choice Questions

1. is the father of modern marketing.
(a) Abraham Maslow (b) Lester Wunderman (c) Peter Drucker (d) Philip Kotler
2. Marketing is a process which aims at
(a) Production (b) Profit-making
(c) The satisfaction of customer needs (d) Selling products

3. is not a type of marketing concept.
 - (a) The production concept
 - (b) The selling concept
 - (c) The societal marketing concept
 - (d) The supplier concept
4. Why is marketing important for businesses?
 - (a) To reduce operational costs
 - (b) To maximize shareholder value
 - (c) To understand and satisfy customer demands
 - (d) To minimize employee turnover
5. What is the primary focus of the product concept in marketing?
 - (a) Understanding and fulfilling customer needs
 - (b) Maximizing short-term profits
 - (c) Emphasizing product quality and features
 - (d) Minimizing production costs
6. What characterizes the selling concept in marketing?
 - (a) Building strong customer relationships
 - (b) Understanding market trends and demands
 - (c) Promoting products or services
 - (d) Engaging in societal welfare activities
7. What does the social marketing concept aim to achieve?
 - (a) Maximizing short-term profits
 - (b) Satisfying customer needs and wants
 - (c) Promoting societal welfare and behaviour change
 - (d) Minimizing marketing expenses
8. What does the term sales primarily refer to in business?
 - (a) Building customer relationships
 - (b) Promoting products or services
 - (c) Conducting market research
 - (d) Setting production targets
9. Which utility is concerned with the value created through transporting goods to where they are needed?
 - (a) Form utility
 - (b) Time utility
 - (c) Place utility
 - (d) Possession utility
10. What primary function does a sales organization serve in a business?
 - (a) Minimizing sales revenue
 - (b) Reducing customer interactions
 - (c) Maximizing product variety
 - (d) Effectively achieving sales targets and customer satisfaction

Answers:

1. (d) Philip Kotler
2. (c) The satisfaction of customer needs
3. (d) The supplier concept
4. (c) To understand and satisfy customer demands
5. (c) Emphasizing product quality and features
6. (c) Promoting products or services
7. (c) Promoting societal welfare and behaviour change
8. (b) Promoting products or services
9. (c) Place utility
10. (d) Effectively achieving sales targets and customer satisfaction

B. Fill in the Blanks

1. Marketing generates by providing many opportunities in the process of buying and selling the goods, by creating time, place and possession utilities.
2. Marketing is the performance of business activities that directs the flow of goods and services from producer to
3. The main objective of marketing policy is to advertise and give assurance of good quality to the consumer.
4. Marketing helps the society by educating consumers, giving information of new products and available to the people as per their demand and taste.
5. Sales are a vital of marketing management.
6. A has a number of departments and performs the functions of planning, organizing and controlling marketing and distribution of products.
7. A sale organisation is like a power-station sending out energy which is devoted to the advertising and of particular lines.

8. The product concept believed that if the product is good and reasonably priced it attracts many and no special marketing efforts are required to be made.

Answers:

1. Revenue 2. Consumer or user 3. Product 4. Services 5. Sub-system
6. Sales organization 7. Selling 8. Customers

C. State whether the following statements are true or false

1. Marketing is only about selling products.
2. Marketing is not crucial for the success of a business.
3. Marketing involves activities that a company undertakes to promote the buying, selling, and use of its products or services.
4. Sales are a one-time transaction and does not involve building long-term relationships with customers.
5. Marketing is crucial for businesses as it helps in creating awareness, attracting customers, and generating sales.
6. Utility refers to the usefulness or satisfaction that consumers derive from a product.
7. Sales refers to the exchange of goods or services for money. It is a crucial aspect of business transactions.
8. Marketing offers a great range of wide and exciting career opportunities.
9. Sales are the life blood of business. Sales organization is part and parcel of any business firm.
10. Sales are a vital sub-system of marketing management.

Answers:

1. False 2. False 3. True 4. False 5. True
6. True 7. True 8. True 9. True 10. True

D. Short Answer Type Questions–I

1. What is marketing?

Ans. Marketing is a set of activities that is used to identify the needs of people and to produce products or services to satisfy their needs. It means to identify target market segments and offer quality products or services.

2. What is the importance of marketing in business?

Ans. Marketing is crucial for business success. It involves activities that create, communicate, deliver and exchange offerings that have value for customers, clients, partners and society at large.

3. What are sales and how would you introduce it?

Ans. Sales are a vital sub-system of marketing management. Both sales and marketing are used together as they need to work together. But in fact, they are two very different functions and require very different skills.

4. What does the concept of utility in business mean?

Ans. Utility in business refers to the satisfaction or value that consumers derive from a product or service. It can be in the form of form, time, place, possession or information.

5. Why are sales important for a business?

Ans. Sales are essential as they generate revenue, contribute to business growth, build customer relationships, and ensure the distribution and consumption of products or services.

6. What are the needs for a sales organization?

Ans. A sales organization is required to manage sales activities efficiently, coordinate sales efforts, establish customer relationships, track performance, and adapt to market changes.

E. Short Answer Type Questions–II

1. What is the meaning and definition of marketing?
2. Why is marketing important in business?
3. Explain the introduction and meaning of sales.
4. Define the concept of utility.
5. Highlight the importance of sales.

6. What are the needs for a sales organization?
7. Why is a sales organization important in business?

F. Long Answer Type Question-I

1. What is marketing? Explain the different marketing concepts in detail.
2. Explain the importance of marketing in business operations.
3. What do you mean by sales? Explain the importance of sales with example.
4. What is utility? Explain the concept of utility in the context of marketing.
5. Explain the different types of utility in detail.
6. What are sales organisations? Explain the needs of sales organizations.
7. Explain the importance of sales organisation in detail.

Previous Years' CBSE Sample Questions

A. Answer the following questions.

(1 Mark)

1. Under which concept of Marketing, it is presumed that customers will not buy unless they are approached and convinced for the same?

(a) Production concept	(b) Selling concept	
(c) Marketing concept	(d) Societal Marketing concept	<i>CBSE 2021-22</i>
2. is the consumer's estimate of the product's overall capacity to satisfy his or her needs.

(a) Potential	(b) Income	(c) Utility	(d) Price	<i>CBSE 2021-22</i>
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3. Which of the following is not a responsibility of sales organization?

(a) Collection of credit sales	(b) Arrangement of funds for advertising
(c) Timely execution of orders	(d) Keeping stock for meeting demand

CBSE 2021-22
4. Which utility is created by warehousing?

(a) Time utility	(b) Place utility	(c) Information utility	(d) Possession utility
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CBSE 2021-22
5. Winning the confidence of customer is as good as fulfilling the goals of the organization. Identify the Marketing concept highlighted here.

(a) Production concept	(b) Product concept	(c) Selling concept	(d) Marketing concept
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CBSE 2021-22
6. **Assertion:** Product concept does not remain profitable in the long run for marketers.
Reason: Product concept focuses on improving quality of product and overlooks the needs and wants of customers.

(a) Assertion and Reason both are correct, and reason is correct explanation of assertion.	
(b) Assertion and Reason both are correct, but reason is not the correct explanation of assertion.	
(c) Assertion is correct, but reason is not correct.	
(d) Assertion and Reason both are not correct.	<i>CBSE 2021-22</i>
7. For maintaining the balance between the production and consumption (demand and supply), marketing is necessary. Marketing ensures stable price in the market and can reduce price fluctuations to a large extent. Which point of importance of Marketing to society is reflected here?

(a) Creates utility	(b) Economic stability
(c) Increase in profitability	(d) Employment opportunity

CBSE 2021-22
8. Which concept involves belief that if the product is good and is priced reasonably then customers will be attracted even without use of special marketing efforts?

(a) Product concept	(b) Production concept
(c) Marketing concept	(d) Selling concept

CBSE 2022-23

9. Which department coordinates and provides an efficient, economic and flexible administrative set up to ensure timely movement of products from the buyers to the sellers?
(a) Production (b) Sales (c) Finance (d) Human Resource

CBSE 2022-23

10. The Societal Marketing concept aim at –

- (a) Customer satisfaction (b) Maximization of profits
(c) Maximisation of sales (d) Customer satisfaction & social welfare

CBSE 2022-23

11. Marketing helps in reducing the price fluctuations in the market. Which point of importance of marketing is reflected here?

- (a) Economic stability (b) Satisfaction of human wants
(c) Creates utility (d) Increase in standard of living

CBSE 2022-23

12. Why is it important to provide customized selling to customers?

- (a) To minimize the cost (b) To survive in competitive market
(c) To clear excess stock (d) To maximise profits

CBSE 2022-23

13. The end user of the product is :

- (a) Customer (b) Purchaser (c) Trader (d) Consumer

CBSE 2022-23

B. Very Short Answer Type Question

(1 Mark)

1. What is meant by Utility?

CBSE 2022-23

C. Short Answer Type Question–I

(2 Marks)

1. Marketing helps the producers to take the right decision at the right time. Explain.

CBSE 2022-23

D. Long Answer Type Question

(4 Marks)

1. Gagan and Sumit are students of Class IX studying in a reputed school. They were discussing about sales and marketing as career options for their future. Gagan is of the view that selling and marketing are one and the same. However, Sumit thinks that marketing is much wider concept than selling. Who has correct opinion about the concepts of selling and marketing – Gagan or Sumit? Explain, giving reasons.

CBSE 2021-22

Activities

1. Divide students into small groups and assign each group one of the topics. Discuss the Marketing key points, benefits and challenges associated with their assigned topic. Encourage them to share real-life examples or case studies to support their points. *(Creativity)*
2. Create scenarios related to marketing and sales situations. Ask the students to role-play different roles such as a salesperson, customer or marketing manager. This helps them understand practical aspects and challenges in these areas. *(Critical Thinking)*
3. Invite professionals from the marketing and sales industry to speak to students. They can share their experiences and the importance of marketing and sales in their respective fields. This provides students with a real world perspective. *(Experiential Learning)*
4. Ask students to create posters or presentations showcasing the importance of marketing and sales. This can be done individually or in groups. Evaluate them based on creativity, content, and presentation skills. *(Creativity)*
5. Organize a quiz competition with questions related to marketing and sales concepts. This can be a fun and competitive way for students to reinforce their understanding of the topics. *(Experiential Learning)*

Suggested Learning Activity

- Power point presentation on the four concept of Marketing.

(Creativity)



Concept of Market

Learning Objectives

2.1 Concept of Market

2.3 Product Market

2.2 Competition

2.4 Service Market

Introduction

Traditionally a market is a physical location or place like a bazaar or a shopping mall. The kind of market it is will depend on a lot of factors. Some of the ways in which we can characterize markets are:

- (a) According to the products being sold like cotton market, iron market, share market.
- (b) Based on geographical locations like a local market or international market.
- (c) By the types of buyers involved. Example: consumer market, industrial market etc.
- (d) The quantity of goods transacted between parties like a wholesale market or a retail market.

However in the modern world we have wider definition of a market. In the world of e-commerce and start-ups, a market is no more just a meeting point for buyers and sellers. It actually represents a set of all the potential buyers in an environment.



Marketing is the most essential activity of any business. The success or failure of most enterprises depends to a large extent on the efficiency with which marketing operation are being handled. Students should know the meaning and importance of marketing. In this chapter we shall discuss the concept of market.

Meaning and Definition of Market

Market refers to a place where buyers and sellers gather to exchange. Buying and selling creates the market place. Businesses are sellers. They sell goods or service to buyers to make profit. Persons who pay for goods and services are called buyers. Buyers and sellers come together in the market place.



“ A market is defined as the sum total of all the buyers and sellers in the area or region under consideration. The area may be the earth or countries, regions, states or cities.

Market includes both place and region in which buyers and sellers are in free competition with one another. – Pyle

A market is a centre or an area in which the forces leading to exchange title to a particular product operate and towards which the actual goods tend to travel. – Clark and Clark ”

2.1 Concept of Market

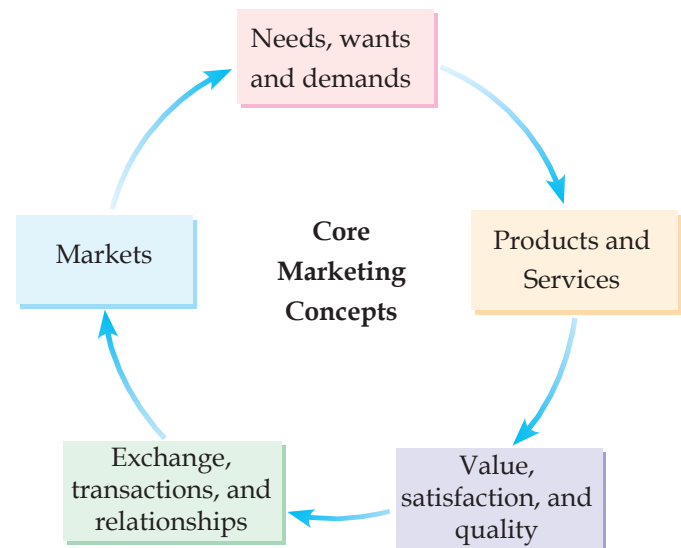
Market is the English word. It was derived from the Latin word Marcatus. In Latin its meaning is buying and selling place. If it is defined with this meaning, market means a place where selling and buying goods or a service is done. But this definition is narrow. This view cannot define the word market in a broad term. The word ‘market’ does not mean only the place of selling and buying goods or services. It also means selling and buying process. Such process may not be only directly but also takes place indirectly. In direct process the customer and seller may talk and bargain directly and sell and buy goods or services but in indirect process they can sell and buy by talking or bargaining through telephone, fax, e-mail, internet, correspondence etc. It is clear that market is not only the place where selling and buying of goods is done, it is also a process of exchange. In this process, consumers demand goods or services after the sellers make flow of goods to markets. The seller hand over goods to consumers and consumers pay for the goods or services accordingly. Finally the buyers give feedback.

In simple words, a market consists of all potential or prospective customers sharing a particular need or wants who might be willing and able to engage in exchange to satisfy that needs and wants. Thus markets are seen as collection of buyers and sellers – sellers as constituting the industry and buyers as constituting the market. It means the concept of exchange is an important factor that leads into concept of market.

2.1.1 What is an Exchange?

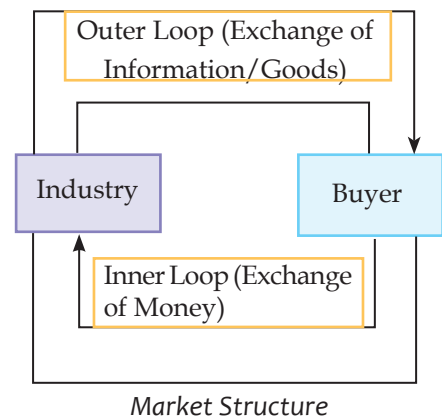
Exchange is an act of obtaining a desired product or service from someone by offering something in return. However, every business transaction cannot be called Exchange. Following conditions must be fulfilled only then a business transaction can be called an Exchange.

1. At least two persons should be there to undertake a business transaction.
2. Both the parties should be able to communicate and interact freely with each other in order to seek information regarding the deal and delivery.
3. Each party to the transaction must have something of value and utility to offer to the other party.
4. Parties should be free to accept or reject the offer.
5. Intention of parties should be to enter into the exchange of goods and services.



The inner loop shows an exchange of money for goods and the other loop shows an exchange of information about the product from the industry with the feedback from the buyers. Whenever these two exchanges take place, the place is called a Market.

Markets are numerous. One can identify a market with a product such as wholesale cloth market, a demographic market such as children wear and toys market or a service market like hospitals, schools, tuition centres. These days most of the companies producing products or providing services, instead of targeting the goods to masses, are trying to provide utmost satisfaction to the needs and wants of a well defined group of target customers such as senior citizens or disabled groups or surgical instruments for hospitals or clothes and toys specifically for children etc. For this a marketer needs to understand:



groups or surgical instruments for hospitals or clothes and toys specifically for children etc. For this a marketer needs to understand:

- ◆ What will he sell in a market – a product or service and to whom?

At this stage the students should also know in brief about market segment to whom to sell.

2.1.2 Market Segment

A market segment is that portion of a larger market which individuals, groups or organization share one or more characteristics that causes them to have relatively similar products needs. Market segment is such dividing of a market into homogeneous sub-set of customers where any sub-set may be selected to be reached out, with a distinct marketing mix.

Market segment is a process that consists of sectioning the target market into smaller groups that share similar characteristics, such as age, income, personality traits, behaviour, interests, needs or location.



Take the example of a SOAP Industry which provides different types of soaps to be used for different purposes by different customers such as:

- 1. Laundry Soap:** An expensive detergent to wash things *i.e.* cloths, curtains, bed sheets, cotton carpets etc. Such soaps have larger market and good demand like Rin, Surf, Nirma to mention few.
- 2. Low-grade Toilet Soap:** For washing hands and the body. For example lifebuoy – low price, medium quality and for a wider market.
- 3. High Quality Body Soap:** It is generally required by high income groups preferably among high income customers such as younger girls and women – Lux, Dove, Dettol Soaps to mention a few.
- 4. Industrial Soap:** It is normally used by manual workers for washing hands after working on machines like car engines, turbines, commercial paints etc. Such soaps are specifically produced for the industries where it is required for the workers. Every businessman tries to make money



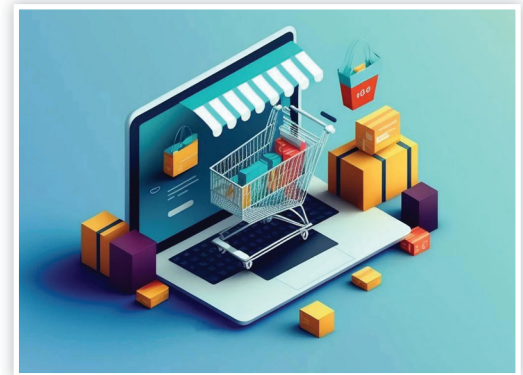
by selling goods or providing a service at the market place. Here is a list of few businesses that one can find in a market.

- | | | |
|------------------------------|---------------------------|--------------------------------------|
| (i) Grocery Stores | (ii) Clothing Stores | (iii) Jewellery Stores |
| (iv) Discount Stores | (v) Drug Stores | (vi) Car repair shops |
| (vii) Hair cutting Saloons | (viii) Beauty Parlors | (ix) Doctors' Offices/Clinics |
| (x) Dentists' Clinics | (xi) Lawyers' Chambers | (xii) Chartered Accountants' Offices |
| (xiii) Dry cleaners | (xiv) Automobile Dealers | (xv) Banks |
| (xvi) Multi-complex Theaters | (xvii) Travel and Tourism | |

2.1.3 Virtual Market/Online Market

A New Market Concept Apart from the physical market that exists in stores and shops, a new type of market has started emerging in the business world. Virtual markets are also known as non-physical markets. It's a market place where buyers purchase goods and services through internet.

The basic nature of virtual market is the absence of physical interaction between buyers and sellers *i.e.* they do not meet or interact physically; instead the transaction is done through internet. The buyer does not move out of his home to buy the product. The product is delivered at home only and the payment can be made either through debit or credit card or cash can be paid on delivery. The products are sold at heavy discounts because of lesser operational costs involved. Of late this type of market is becoming very popular for buying and selling of goods especially amongst the youngsters because of the convenience and economy factors.



These are some best e-Commerce companies in India:

- | | | | |
|-----------|-------------|---------------|--------------|
| 1. Amazon | 2. Flipkart | 3. Nykaa | 4. IndiaMART |
| 5. Meesho | 6. Myntra | 7. BookMyShow | 8. Snapdeal |

2.1.4 Advantages and Disadvantages of Virtual Market/Online Market

Customers can purchase items from the comfort of their own homes or workplace. Shopping is made easier and convenient for the customer through the internet. It is also easy to cancel the transactions. The advantages of online market are:

- (a) Saves time and efforts.
- (b) The convenience of shopping at home.
- (c) Wide variety or range of products is available.
- (d) Good discounts or lower prices.
- (e) Detailed information about the product.
- (f) We can compare various models/brands.

Ease of use is the prime reason that drives the success of e-commerce. Though the internet provides a quick and easy way to purchase a product, some people prefer to use this technology only in a limited way. Some people also fear that they might get addicted to online shopping. The major disadvantages of online shopping are as follows.

- (a) Delay in delivery
- (b) Lack of significant discounts in online shops
- (c) Missing the shopping experience
- (d) Frauds in online shopping

2.2 Competition

A businessman operating in a marketplace should have a clear understanding of the fact that selling goods is not a cakewalk. He will have to face many challenges and one very important being the competition from rival businesses. The producers and the service providers are all fighting amongst themselves to capture the market.

Competition is automated process which starts in an industry when there are at least two or more than

two players in an industry. At the end of every cycle, ranking on the basis of performance of every single player is declared by the industry and market forces. Competition ends with the exit of the second last player in an industry. In competition there are cycles, in each cycle every individual player has an intention to improve the ranking before the completion of the current cycle.



2.2.1 Meaning and Definition of Competition

A business man should be capable enough to either give competition or to face it.

- (a) What is a competition?
- (b) Have you ever run a race?
- (c) Have you ever entered a painting or an art contest?

Races, painting or art contests, games are all competition. The competition is one where people try their best to do something better than other people so, they can win. When two or more businesses that sell similar items of goods or services they are called competitors and identifying competing business in their community.

In simple words, Competition is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit and market share growth.

Market competition motivates companies to increase sales volume by utilizing the four components of the marketing mix, also referred to as the four P's.

2.2.2 Competition in the Market Place

Today market activities are performed under highly competitive situations. It changes as per the changes in consumers' attitude, demand, interest or other considerations. For example, fountain pen was in demand at one point of time but now the demand is more for ball pens. Since the demand of ball pen was increasing the focus of the manufacturers had also changed to ball pens' productions for serving the customers' needs and their wants better. They will have to face the competition also from the other manufacturers of ball pen in the market.

- ◆ Can you think of two stores that sell candy?

These two stores are competitors. They are competing for your money. Both stores want you to buy their candy. When two or more businesses sell the same goods or services, they are competing for the same market. When businesses compete, they try to find ways to whereby the buyers are attracted to buy their product. This is called competition in the market place.



There is competition in communities as well. There are competitive businesses all around us. Let us take the example of Burger.

1. Burger King and McDonald’s are two hamburger restaurants.
2. Both sell soda, French fries and hamburgers.
3. Both want you to eat in the same restaurants.
4. Both want you to spend your money at their restaurants.

Because they sell similar items they are called competitors. Today’s marketing activities are performed under higher competitive situations. It changes as per the changes in consumers’ attitude and interest. It focuses on serving consumers’ needs and wants better than competitors.

If you are faced with lot of competition in the market, it is the time to start looking for a unique angle with less competition. Focus on what makes your business unique. For example, change your credit policy or ways to handle orders or even re-launch products. Find out what make your stand out from other competitors.

If you want to stay in the competitive market, you should be seriously looking at the viability of your business and how can you promote it better. Always remember, not everyone is going to have a strong work ethic and be willing to put the time and energy into making the business a success.

2.2.3 Types of Competition

We can characterize market structures based on the competition levels and the nature of these markets. Let us study the two basic types of market competition.

1. **Direct Competition:** A direct competitor is another company that offers the same products and services aimed at the same target market and customer base, with the same goal of profit making and marketing share growth.

Direct competition occurs when multiple businesses offer the same product or service to the same target audience. In this market situation, competitors often have similar price points.



Types of Competition

A direct competitor who comes to our mind is the one when we refer to term competition. For example if we want to buy a smartphone that meets all modern requirements, we can consider

Apple or Samsung which offers phones with the same characteristics. When you want to eat a burger, you choose between the fast-food companies such as McDonald's, KFC and Wendy's. They are direct competitors because they offer similar products such as burgers, French fries, chicken nuggets, ice cream etc.

2. **Indirect Competitors:** Indirect competitors are another company that offers the same products and services much like direct competitors but goals are different. These competitors are in the market to earn revenue with a different strategy. Nearly in every company in our country is involved some form of indirect competition.

Indirect competition is the conflict between vendors whose products or services are not the same but that could satisfy the same consumer need.

Domino's and McDonald's sell pizzas and hamburgers respectively. However, they both target hungry customers who want quick service and a cheap price. Therefore they are indirect competitors.

For example airlines in our country face indirect competition. The aim of airline companies is at satisfying customer needs and desires. This can be done by utilizing a different market mix such as product, place, price and promotions. Find out the best marketing mix or potential ways to mix through which customers' needs can be met and you can generate an advantage for your products and services. Other examples of substitute goods *i.e.* goods in indirect competition are:

- (a) Kindle and paperback books
- (b) Tea and coffee
- (c) Butter and margarine
- (d) Cars and motorbikes and to some extent cars and bicycles
- (e) Bananas and other fruits

2.2.4 Benefits of Competition

Competition encourages creativity as the companies evolve and new ideas flourish in the market place.

1. Competition also benefits the buyers who have the opportunity to choose the product or service from different companies at affordable price.
2. Customers always gain if there is competition in the market.
3. Fair and open competition means lower prices and greater choice.
4. Competition is the critical driver of performance and innovation. Companies set up research and development centers to find new methods of production and use latest technology to improve the quality of the product and that too at a reasonable price.



5. Fair trade and open competition in the market enable vendors and manufactures to deliver a better variety of competitive products to their customers not only in their own country but around the world.

This often results in lower prices and higher performance *i.e.* create the demand of the product to large segment of consumers.

6. In a competitive market there is no single firm and hence company cannot dictate prices to the consumers whereas a single company in the market can become a sole judge of the price and quality setting a dangerous precedent. In simple words, limiting consumers' freedom of choice stalls innovation.
7. Impediments to innovations are setback for anyone who wants tomorrow's computing technology or any other technology for that matter to be better than it is today.

2.2.5 Can you avoid Competition?

It is often said that explore a new product or untapped market, still you cannot avoid competition in business of that product. Even if no one else is selling or offering you a particular service, you are still, in a sense competing for the same customers. We see advertisement of different travel and tourism agencies and firms offering different prices for the same destination.

Travelling agencies organizing group travel to, say Bangkok or U.K. or Australia or Sri Lanka or Dubai announce different rates for the same/similar destinations. A business man should always remain worried about competition in the market. A new competitor to establish business in market can cut profits, create fewer customers and, at best cause you to work harder to promote your own business. If a businessman is struggling with this situation, he has to find some way-out to remain in the business and to face competition.

2.2.6 How to deal with this Situation in Competition in the Market

1. List the names of the firms who may be targeting your segment of customers or audience – it is always good to be informed. One should gather information and data to analyses what is happening in the market place.
2. Sometimes, your competitors can be helpful to you by highlighting tactics that may work and perhaps that may give you a new sales tactics. Use your observation of your competitor as a learning exercise.
3. Some business people think rumors will help facilitate more business but such things should be ignored. Remember, not every businessmen are ethical. These tactics are only to divert the attention. Rumors and gossips eat up your creating time and make you less productive. Ignore such things and show that what they are spreading in the market, does not stop your efforts on promoting your business. Such rumors are commonly appreciable to local, small business.
4. One should focus on one's business more intensely. Wherever one feels the punch about the competition or it hits the business, use that energy to put in some extra time working on promoting your business instead. Henry Ford, a successful name in automobile business in the world said it best, the competitors to be feared is one who never bothers about you at all but the one making business better all the time. The whole idea is good to know what is going on in your industry, so focus on them.
5. These days companies' aim is not targeting goods and services to masses. Instead they are trying to provide utmost satisfaction to the needs and wants of a well defined groups of target customer needs and wants better than that of competitors.

2.3 Product Market

In order to satisfy their needs and wants, people require products. A product is a set of tangible and intangible attributes that can be offered to someone to satisfy a need or want. For example if one purchases an orange to satisfy one's want, the orange is called a product. Thus product is anything that can be offered to market for attention, acquisition, use or consumption.

A product is the sum of the physical and psychological satisfaction it provides to the buyers. A product market consists of all potential and existing consumers sharing a particular need or wants who might be willing and able to engage in exchange to satisfy their needs or wants.

A product market is where products produced by business houses are sold to households.

The households use the income that they earn from different occupations or vocations to purchase the product they need or want.



2.3.1 Types of Product

This product includes Fast moving consumer products and durable products.

1. Fast Moving Consumer Products: Consumer goods are items which the consumers purchase for consumption. Consumer goods are goods sold to consumers for their own use and not as a means for further economic activity. For example vegetables, groceries, milk and edible oils are consumer goods.



Fast Moving Consumer Products

2. Durable Products: These are tangible goods that normally survive many uses. Goods that fall under this category include Furniture, Refrigerator, Clothing, Rug etc. They are not frequently purchased as non-durable goods because they are used up slowly. For example A.C., Washing Machine, Steel, Furniture, and T.V. etc., are called durable products.



Durables Products

Product marketing is a sub field of marketing, which can be split into true areas *i.e.* product market and service market. In contrast services market includes services such as tele communication services, health care services, car rental services etc. But they do not take, normally ownership of any physical element involved. Product market is a dynamic exchange system defined by sellers, products and customers.

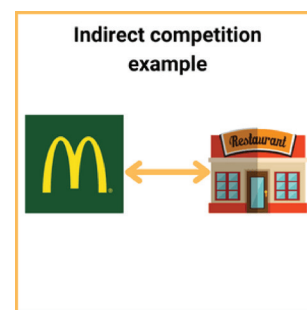
In its simplest form, a product market is a single seller providing a single offering product to a single customer. But the position will change as the number and diversity of competition increases and the number and diversity of customers also increase. In such a situation product market is synonymous with industry, with multiple competitors offering diverse portfolios of products that will satisfy the diverse needs of multiple segment market. It suggests that in such a complex situation, a meaningful product market analysis has to be done to know the clear picture of the target market *i.e.* where our product is sold and that of competitors'. Accordingly, the competition strategy will change. The product has to be designed, developed and priced keeping in mind the diverse competitions and the products offered by the competitors in the market.

In the product market there are direct competitors and indirect competitors.

- 1. Direct Competitors:** These are who use the same technologies to deliver comparable products *i.e.* a single product market. Some famous examples of direct competitors include Apple versus Android, Pepsi versus Coca-Cola and Netflix versus Hulu.



- 2. Indirect Competitors:** These are who use different technologies to deliver substitute products. It means product market differently for different levels of strategic decision making. Geographic markets and types of channels used to reach the customers are also considered in defining a product market. Two fast food restaurants like McDonald's or Burger King will be in direct competition because they offer the same products and the same services. However, these restaurants are also in competition with other restaurants, such as traditional restaurants, food-trucks (mobile restaurants), cafeterias or sandwich shops. These other restaurants are in indirect competition, they do not sell fast food but still sell food and it can be substituted for that of fast food.



A product market will have to take into consideration Four P's *i.e.* Product, Price, Place or Promotion and several other variables such as quality, availability, brand or trade mark, styling packing and regulations in order to satisfy the needs of the consumers.

Take the example of raising excise duty on the production of Cigarettes. The production cost will increase due to this regulation. It will also affect



4P's of Marketing Mix

price directly or indirectly. But the existing buyers will not switch over to other product if price rise is not significant or find a next best substitute. A product has great importance also in all other areas of market management. Therefore it is necessary to plan and develop products which meet the specification of the customers.

For example, market research is mainly directed towards knowing the needs of the customers and increasing the sale of the product. Also the storage and transport activities depend upon the nature of product. For example for poultry products, milk products, and perishable vegetables etc. one has to maintain cold storage facilities. Thus the success of marketing and sales department depends upon the nature of the product offered to the customers in the market.

2.4 Service Market

In everyday life we all consume services. Travelling in Delhi Metro, in DTC, attending lectures, buying a book via internet and going into a canteen for a cup of tea, are all examples of consumption of services. Service is not a thing but a process—the process is the product, but at the same time services rely upon things for their performance. A bottle of Coke is not a service, but it can be served to you. A ride in Delhi Metro is a service, but not the metro itself. A service can be rightly called, a deed, a performance, an effort. Services are different from products.



Service Market

2.4.1 Meaning and Definition of Service Market

In the earlier sub-unit we have discussed about the marketing of physical products which are tangible in nature. Basically, services are intangible, irreparable, variable and perishable products. They do not have physical existence. Hence, services cannot be touched, tasted or smelt. For example, you purchase a chocolate or buy a banana, you can touch it and eat it because it is tangible in nature whereas you cannot touch or eat services offered by an insurance company or a bank or a post office.

Services are activities, benefits, or satisfactions which are offered for sale or provided in connection with the sale of goods.
— American Marketing Association

A service is an act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product.

For example, transportation service by carrier of goods or insurance of goods by an insurance company.

2.4.2 Nature and Characteristics of Services

Services are said to have four key characteristics which impact on marketing programme. These are:

1. **Intangibility.** Services are intangible and do not have a physical existence. Hence, services cannot be touched, held, tasted or smelt. This is the most defining feature of a service and that which primarily differentiates it from a product. Also, it poses a unique challenge to those engaged in marketing a service as they need to attach tangible attributes to an otherwise intangible offering.
2. **Heterogeneity or Variability.** Given the very nature of services, each service offering is unique and cannot be exactly repeated even by the same service provider. While products can be mass produced and be homogeneous, the same is not true of services. For example all burgers of a particular flavor at McDonalds are almost identical. However, the same is not true of the service rendered by the same counter staff consecutively to two customers.
3. **Perishability.** Services cannot be stored, saved, returned or resold once they have been used. Once rendered to a customer the service is completely consumed and cannot be delivered to another customer. eg: A customer dissatisfied with the services of a barber cannot return the service of the haircut that was rendered to him. At the most he may decide not to visit that particular barber in future.
4. **Inseparability.** Services are produced and consumed at the same time, unlike goods which may be manufactured, then stored for later distribution. This means that the service provider becomes an integral part of the service itself. The waitress in the restaurant or the cashier in the bank, is an inseparable part of the service offering. The client also participates to some extent in the service and can affect the outcome of the service. People can be part of the service itself and this can be an advantage for services marketers.
5. **Non-ownership.** Customers cannot own the service they receive because ownership is not transferred from the buyer to the seller as it is with a product.

2.4.3 Marketing Mix for Services

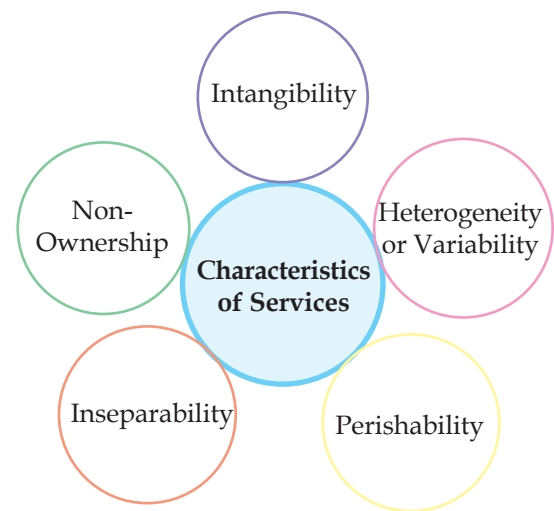
In earlier unit we have discussed the marketing mix for goods or products i.e. 4P's – Product, Price, Place and Promotion. Now, we talk about the marketing mix for services. Here three more P's are added in the list – People, Process, and Physical environment along with 4P's.

1. **People:** Customers always look for efficient service. This can be provided by the people who are employed in the organization. Let us take example of the hotel where customers using its services, will ultimately form their opinion about the hotel on the basis of services which are provided to them by the hotel staff. If the staff is well trained, efficient and committed they can build a good reputation of the hotel.
2. **Process:** These days home delivery service system has become popular among the consumers/customers. A large number of restaurants and super markets serve the customers through online orders. They process your order(s) within a specific



time frame. For example, well reputed Pizza restaurants deliver pizza or hamburger order to customers within 30-40 minutes only as they have efficient processing mechanism and technology both for processing the preparation and for its timely delivery.

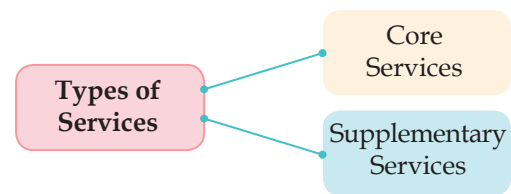
- Physical Evidence:** Taking the above examples of hotels and restaurants, the customers also take into account the physical environment of the place. For example, if you visit a restaurant, besides menu options available, you will be very much concerned about the hygienic standard, ambience and service by the staff.



2.4.4 Types of Services

The types of services are as follows:

- Core Services:** A service that is the primary purpose of the transaction. For example a haircut or the services of lawyer or teacher.
- Supplementary Services:** Services that are rendered as a corollary to the sale of a tangible product. For example Home delivery options offered by restaurants above a minimum bill value.



2.4.5 Difference between Goods and Services

The difference between goods and services are:

S.No.	Goods/Products	Services
1	A physical commodity	A process or activity
2	Tangible	Intangible
3	Homogeneous	Heterogeneous
4	Production and distribution are separated from their consumption	Production, distribution and consumption are simultaneous process
5	Can be stored	Cannot be stored
6	Transfer of ownership is possible	Transfer of ownership is not possible

At a Glance

- Success or failure of most enterprises depends to a large extent on the efficiency with which marketing operations are being handled.
- Market includes both place and region in which buyers and sellers are in free competition with one another.
- A market consists of all potential or prospective customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that needs and wants.
- Exchange is an act of obtaining a desired product or service from someone by offering something in return.
- Market segment is that portion of a larger market which individuals, groups share one or more characteristics for similar products needs.
- Virtual markets are also known as non-physical markets.

- Competition is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit and market share growth.
- Direct competitor is another company that offers the same products and services aimed at the same target market and customer base, with the same goal of profit making and marketing share growth.
- Indirect competitors are those companies that offer the same products and services much like direct competitors but goals are different.
- People require products in order to satisfy their needs and wants.
- Consumer goods are items which the consumers purchase for consumption.
- In everyday life we all consume services. Travelling in Delhi Metro, in DTC, attending lectures, buying a book and going into a canteen for a cup of tea are all examples of consumption of services.
- Services are activities or satisfactions which are offered for sale or provided in connection with the sale of goods.
- Services are intangible and do not have a physical existence.
- Services are produced and consumed at the same time, unlike goods which may be manufactured, then stored for later distribution.

Glossary

1. Market	: market is a centre or an area in which the forces leading to exchange title to a particular product operate and towards which the actual goods tend to travel
2. Exchange	: it is an act of obtaining a desired product or service from someone by offering something in return
3. Market Segment	: a market segment is that portion of a larger market which individuals, groups or organization share one or more characteristics that causes them to have relatively similar products needs
4. Online Market	: it's a market place where buyers purchase goods and services through internet
5. Competition	: it is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit and market share growth
6. Direct Competition	: a direct competitor is another company that offers the same products and services aimed at the same target market and customer base, with the same goal of profit making and marketing share growth
7. Indirect Competitors	: indirect competitors are those companies that offer the same products and service much like direct competitors but goals are different
8. Product Market	: in order to satisfy their needs and wants, people require products. A product is a set of tangible and intangible attributes that can be offered to someone to satisfy a need or want
9. Fast Moving Consumer Products (FMCP)	: FMCP are items which the consumers purchase for consumption. Consumer goods are goods sold to consumers for their own use and not as a means for further economic activity
10. Durable Products	: these are tangible goods that normally survive many uses. Goods that fall under this category include Furniture, Refrigerator, Clothing, Rug etc
11. Direct Competitors	: these are who use the same technologies to deliver comparable products <i>i.e.</i> a single product market
12. Indirect Competitors	: these are who use different technologies to deliver substitute products. It means product market differently for different levels of strategic decision making

13. Service	: a service is an act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything
14. Intangibility	: services are intangible and do not have a physical existence. Hence, services cannot be touched, held, tasted or smelt
15. Inseparability	: services are produced and consumed at the same time, unlike goods which may be manufactured, then stored for later distribution
16. People Mix	: customers always look for efficient service. This can be provided by the people who are employed in the organization
17. Process Mix	: these days home delivery service system has become popular among the consumers/customers
18. Physical Evidence Mix	: taking the above examples of hotels and restaurants, the customers also take into account the physical environment of the place
19. Core Services	: a service that is the primary purpose of the transaction
20. Product Market	: services that are rendered as a corollary to the sale of a tangible product

Exercises

CBSE Textbook Questions with Answers

Assessment 1

A. Fill in the blanks.

1. Market is a place where buyer gathers to
2. Every business transaction cannot be called
3. The concept of _____ that leads to concept of
4. A market segment is the partition of

Answers:

1. Buy the product 2. Exchange 3. Exchange, Market 4. Larger market

B. True or false.

1. In a business transaction there should be at least three parties.
2. Parties to the business deal cannot reject the offer.
3. Markets are seen as collection of buyers and sellers.
4. Intention of parties should be to enter into the exchange of goods and services.
5. Both the parties to the deal cannot interact freely.
6. Buyers and prospective buyers are one and the same thing.

Answers:

1. False 2. False 3. True 4. True 5. False 6. False

C. Do you agree with the following statements?

1. Buyers and sellers create the market place.
2. Persons who pay for goods and services are called purchaser.
3. There is no difference between beauty parlor and hair salon.
4. Sellers earn profit or money by selling goods and services.

Answers:

1. Yes 2. Yes 3. No 4. Yes

D. Which one of these are not examples of clinic?

- (a) Beauty Parlour.
- (b) Drug and chemists.
- (c) All India Institute of Medical Services.
- (d) None of these

Answers:

- (d) None of the above

Assessment 2

A. Fill in the blanks.

1. Competition is the rivalry between firm selling
2. Competition encourages limiting consumers
3. Business competitor's in business set up R&D Centre for
4. In competition there are at least

Answers:

1. Similar products and services
2. Choices
3. New methods of production
4. Two competitors

B. True or false.

1. In a competitive market the competitors should remain well informed about the competitor's tactics.
2. Rumours and gossips are important component of competition.
3. Henry Ford was in Scooter manufacturing business.
4. Coca-Cola and Pepsi Cola are not competitors.

Answers:

1. True
2. False
3. False
4. False

C. Answer the following questions.

1. Are these firms' competitors?
 - (a) A B and C firms sell clothing, food and toys.
 - (b) All these firms offer low prices.
2. Do the following business compete in the market for the same customers?
 - (a) Pizza Hut selling Pizza and burgers.
 - (b) Bata shoe sells boots and sneakers.
3. Can you suggest five competitive businesses in your community? How do you know that they are?
4. Do a sweet seller, car repair workshop and chemist shop compete in the same market? If not, who does compete in those markets?
5. A business transaction entered into under threat cannot be called exchange. Why?

Answers:

1. The A, B and C firms are not competitors because they are not operating in similar industries i.e. selling clothing food and toys.
2. In the case of Pizza Hut selling both pizza and burgers they may compete for the same customers. While pizza and burgers are different food items but they both fall in the category of fast food and attract similar customer. On the other hand, Bata selling boots and sneakers might not necessarily be direct competitors, as boots and sneakers are to different preferences and needs within the footwear market.
3. (a) Coffee Shops: Examples: Café Coffee Day, Daily Grind
(b) Fitness Centers: Examples: Anytime Fitness, Fitness First, Local Gym & Wellness
(c) Grocery Stores: Examples: WalMart, Target, Local Fresh Mart
(d) Fast Food Restaurants: Examples: McDonald's, Burger King, Local Quick Bites
(e) Electronics Retailers: Examples: Best Buy, Apple Store, Tech Haven

4. No, They are not operating same industries. The competitors are:
- (i) Sweet Seller: Competitors might include other sweet shops, bakeries businesses in the area. These are businesses that also offer sweets, pastries and confectioneries.
 - (ii) Car Repair Workshop: Competitors in this market would typically be other auto repair shops, garages or automotive service centers. These businesses provide similar services such as vehicle repairs and maintenance.
 - (iii) Chemist Shop: Competitors for a chemist shop include other pharmacies, drugstores, and health and wellness stores in the area. These businesses focus on providing pharmaceuticals, over-the-counter medicines, and healthcare products.
5. A business transaction entered into under threat cannot be called an exchange because an exchange involves a voluntary and mutual agreement between parties. When a transaction is conducted under threat it lacks the essential element of voluntary consent, making it invalid and unethical.

Additional Questions with Answers

A. Multiple Choice Questions

1. What is the main function of a market in an economic system?
 - (a) Distribution of wealth
 - (b) Production of goods
 - (c) Exchange of goods and services
 - (d) Regulation of prices
2. Which of the following conditions must be fulfilled for a business transaction to be called an Exchange?
 - (a) At least two persons should be there to undertake a business transaction
 - (b) Both the parties should be able to communicate and interact freely with each other
 - (c) Parties should be free to accept or reject the offer
 - (d) All of the above
3. Which of the following best defines market segmentation?
 - (a) Combining various markets into one large market
 - (b) Dividing a market into distinct groups based on similar characteristics
 - (c) Targeting only the largest segment of a market
 - (d) Ignoring consumer differences in marketing strategies
4. What is the primary advantage of virtual markets or online markets?
 - (a) Limited product variety
 - (b) Restricted accessibility
 - (c) 24/7 availability
 - (d) Slow transaction processing
5. How does healthy competition benefit consumers in the market?
 - (a) By increasing prices
 - (b) By reducing product variety
 - (c) By improving product quality and lowering prices
 - (d) By promoting monopolies
6. Which of the following best defines direct competition?
 - (a) Companies offering similar products or services in the same market
 - (b) Companies from different industries
 - (c) Companies located in different countries
 - (d) Companies with different target audiences
7. What characterizes indirect competitors?
 - (a) They offer identical products or services in the same market
 - (b) They are not considered competitors
 - (c) They provide substitute products or services
 - (d) They are always located in different geographic regions

8. Which of the following is an example of a product market?
 - (a) A grocery store selling various food items
 - (b) The stock market where shares of companies are traded
 - (c) A factory producing machinery for other businesses
 - (d) All of the Above
9. Which of the following is considered a durable product?
 - (a) Bread
 - (b) Milk
 - (c) Refrigerator
 - (d) Paper Towels
10. What does the concept of inseparability in the service market refer to?
 - (a) The inability to store services for future use
 - (b) The simultaneous production and consumption of services
 - (c) The uniformity of services across different providers
 - (d) The ease of replicating services in the market

Answers:

1. (c) Exchange of goods and services
2. (d) All of the Above
3. (b) Dividing a market into distinct groups based on similar characteristics
4. (c) 24/7 availability
5. (c) By improving product quality and lowering prices
6. (a) Companies offering similar products or services in the same market
7. (c) They provide substitute products or services
8. (a) A grocery store selling various food items
9. (c) Refrigerator
10. (b) The simultaneous production and consumption of services

B. Fill in the Blanks

1. is an act of obtaining a desired product or service from someone by offering something in return.
2. A is that portion of a larger market which individuals, groups or organization share one or more characteristics that causes them to have relatively similar products needs.
3. Virtual markets are also known as non markets.
4. A competitor is another company that offers the same products and services aimed at the same target market and customer base with the same goal of profit making.
5. competitors are those companies that offer the same products and service much like direct competitors but goals are different.
6. goods are items which the consumers purchase for consumption.
7. products are tangible goods that normally survive many uses.
8. A is an act of performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything.
9. Services are intangible and do not have a existence.
10. is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit and market share growth

Answers:

1. Exchange
2. Market Segment
3. Physical
4. Direct
5. Indirect
6. Consumer
7. Durables
8. Service
9. Physical
10. Competition

C. State whether the following statements are true or false.

1. Online Market is a market place where buyers purchase goods and services through internet.
2. A virtual market is a physical location where buyers and sellers interact.
3. Market includes both place and region in which buyers and sellers are in free competition with one another.

4. Direct competition involves businesses that offer different products or services but target the same consumer group.
5. Indirect competitors are another company that offers the same products and services much like direct competitors but goals are different.
6. The service market involves the exchange of intangible products or services.
7. Benefits of competition may include lower prices, innovation, and improved quality of products or services.
8. The characteristics of services often not include intangibility and perishability.
9. In order to satisfy their needs and wants, people require products.
10. Services are produced and consumed at the same time, unlike goods which may be manufactured, then stored for later distribution.

Answers:

- | | | | | |
|---------|----------|----------|----------|----------|
| 1. True | 2. Flase | 3. True | 4. False | 5. True |
| 6. True | 7. True | 8. Flase | 9. True | 10. True |

D. Short Answer Type Questions–I

1. What is a market? Explain.

Ans. A market is described as the total sum of all the purchasers and sellers in the area or region being considered. The area may be the earth, country, region, state or city. The worth, expense and cost of traded items are according to the supply and demand forces of a market.

2. What do you mean by virtual market/online market?

Ans. Virtual market/online market refers to a digital platform where buyers and sellers engage in buying and selling goods and services over the internet.

3. What is the competition for the market?

Ans. Competition is the rivalry between companies selling similar products and services with the goal of achieving revenue, profit, and market share growth. Market competition motivates companies to increase sales volume by utilizing the four components of the marketing mix, also referred to as the four P's.

4. Explain direct and indirect competition.

Ans. Direct competition refers to two or more businesses offering the same products or services to the same target market. On the other hand, indirect competition occurs when another business offers a different product that could substitute your product and satisfy your customers' needs and goals.

5. What is an example of product market?

Ans. Product markets refer to markets in which all kinds of goods and services are made and traded. For example, the market for airline travel, smart phones, new cars, pharmaceutical products and the markets for financial services such as banking, mortgages and pensions.

6. What is FMCG?

Ans. FMCG stands for Fast-Moving Consumer Goods products sold quickly and relatively cheaply. Some examples of FMCG products include packaged foods, beverages, toiletries, cosmetics, cleaning supplies and other low-cost household items.

7. What are durable goods? Give examples.

Ans. Durable goods refer to those goods which can be used again and again over a considerable period of time. Examples of consumer durable goods include vehicles, books, household goods such as home appliances, consumer electronics, furniture, tools, etc., sports equipment, jewelry, medical equipment and toys.

8. What is the concept of service market?

Ans. Service marketing is the process of promoting and marketing an intangible commodity. The underlying strategies outline marketing decisions in relation to product, promotion, price, and place. Providers implement different types of service marketing to meet the demands and needs of their target consumers.

9. What is service marketing mix?

Ans. Service marketing mix consists of different elements of service marketing that is used by companies for communicating organisational and brand objectives to the customers. The elements of the service marketing mix consist of: Product, Pricing, Place, Promotion, Process, People and Physical evidence.

10. Is McDonald's a product market?

Ans. McDonald's is a fast-food restaurant chain that offers both products such as burgers, fries and drinks and services such as dining in, takeout and drive-thru. So, it can be considered both a product and a service provider.

E. Short Answer Type Questions-II

1. What is the meaning and definition of the market?
2. What does the concept of the market entail?
3. Define virtual market/online market.
4. What is competition in the context of business?
5. Enumerate the types of competition.
6. Outline the benefits associated with competition.
7. Differentiate between a product market and a service market.
8. What are the nature and characteristics of services?
9. Explain the marketing mix for services.
10. What is the difference between goods and services?

F. Long Answer Type Questions

1. What is market? Explain the concept of market and exchange in detail.
2. Briefly describe the concept of market segment with suitable example.
3. What is Virtual market? Explain the advantages and disadvantages of online market.
4. What do you mean by Competition in the Market Place? Explain different types of Competition.
5. What is competition? Differentiate direct and indirect competition with suitable example.
6. Can you avoid Competition? How to deal with this situation in competition in the Market?
7. What is product market? Explain the various types of product in market.
8. What do you mean by service market? Explain the nature and characteristics of services.
9. What is the difference between Goods and Services?
10. What is marketing mix for services? Explain the different types of services.

Previous Years' CBSE Sample Questions

A. Answer the following questions

(1 Mark)

1. Customer's due to competition.
(a) Gain (b) Lose (c) Compete (d) Enjoy *CBSE 2022-23*
2. Which of these is an example of clinic?
(a) Retail store (b) Beauty salon (c) Factory (d) Warehouse *CBSE 2022-23*
3. Which of the following statements is not true about virtual markets?
(a) These are also called as non-physical markets
(b) Transactions take place through internet
(c) Operational costs are high
(d) Payments may be done as COD or through net banking or debit or credit cards *CBSE 2022-23*
4. Which of the following is not a required condition for an exchange to take place?
(a) Presence of at least two parties
(b) Availability of money with both the parties
(c) Both the parties being capable of communication and delivery
(d) Both the parties having freedom to accept or reject the offer *CBSE 2021-22*

5. A is that portion of a larger market which individuals, groups or organization share one or more characteristics that causes them to have relatively similar products' needs.
 (a) Target market (b) Market segment (c) Niche market (d) Competitive segment
 CBSE 2021-22
6. In case of highly competitive market, customers are likely to _____:
 (a) Gain (b) Lose (c) Increase (d) decrease CBSE 2021-22
7. Hospitals, schools, colleges, banks etc. can be categorized as:
 (a) Demographic market (b) Domestic market (c) Service market (d) Territorial market
 CBSE 2021-22
8. Which of the following is not a benefit of competition?
 (a) Creativity and innovation by companies (b) Lower prices and lesser choices for customers
 (c) No price dictatorship (d) Greater variety of competitive products CBSE 2021-22
9. Which market is characterized by absence of physical interaction between buyers and sellers?
 (a) Product market (b) Service market (c) Virtual market (d) Demographic market
 CBSE 2021-22

B. Very Shot Answer Type Questions

(1 Mark)

1. Who can be said to be a direct competitor? CBSE 2022-23
2. **Assertion:** Every business transaction cannot be called as exchange.
Reason: Exchange is an act of obtaining a desired product or service from someone by offering something in return.
- (a) Assertion and Reason both are correct, and reason is correct explanation of assertion.
 (b) Assertion and Reason both are correct, but reason is not the correct explanation of assertion.
 (c) Assertion is correct, but reason is not correct.
 (d) Assertion and Reason both are not correct. CBSE 2021-22

C. Short Answer Type Question

(2 Marks)

1. State any two conditions to be fulfilled for a business transaction to be called as an exchange. CBSE 2022-23

Activities

- Conduct a market research project. Students can choose a product or service and investigate its market demand, consumer preferences and trends. *(Critical Thinking)*
- Explore e-commerce platforms. Students can identify and analyze different virtual markets, comparing the advantages and disadvantages of each. *(Computational Thinking)*
- Organize a mock competition among students. This could involve creating and presenting business ideas or products, with a panel of judges evaluating and providing feedback. *(Critical Thinking and Creativity)*
- Debate the pros and cons of competition in a market. Divide the class into groups and have them present arguments supporting or opposing the benefits of competition. *(Communicative Skill and Critical Thinking)*
- Develop a service marketing plan. Students can choose a service and create a marketing mix strategy, focusing on the 7Ps (product, price, place, promotion, people, processes, and physical evidence).
(Subject Enrichment and Creativity)

Suggested Learning Activity

- Power point presentation direct and indirect competition. *(Creativity)*

About the Book

In the ever-evolving landscape of commerce, the importance of marketing and sales cannot be overstated. Whether you aspire to become a business leader, an entrepreneur, or simply wish to grasp the essentials of promoting and selling products or services, this course material is designed to lay a solid foundation.

This book has been meticulously crafted to serve as your guide in understanding the fundamental concepts and principles that form the backbone of the rapidly expanding hospitality sector with well-prepared sales professionals. We have incorporated insights from industry experts to provide you with the latest trends, tools, and strategies employed by successful professionals in the field.

To make the learning experience more engaging and practical, we have also included numerous real-world examples and case studies. These examples will help you bridge the gap between theory and application.



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