

Secondary Stage



In Accordance with
NCF 2023

10
CBSE

A Textbook of
**Marketing
& Sales**

Skill Education | CODE 412



FULLMARKS

10
CBSE

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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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.

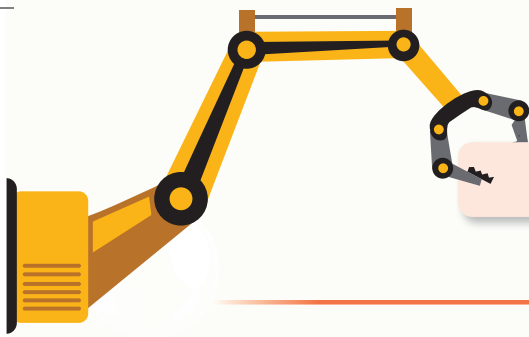
Key features of the book:

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 Introduction	1.2 Types of Marketing Mix
1.3 Significance / Importance of Marketing Mix	1.4 Product Marketing Mix
1.5 Pricing Strategy	1.6 Marketing Mix of McDonalds: A Case Study

Glossary

This section contains definitions of important terms.

Glossary

1. People Skills	: traditional selling techniques are changing fast now days. Personal grooming and etiquette are the prerequisite for good salesmanship
2. Communication Skills	: the key to building relationship is being responsive to customer's needs. To do that the salesperson needs to be a good communicator
3. Company Information:	: in selling goods and services the salesman requires knowledge about the company, its products and services
4. Market Information	: knowledge about both urban and rural markets is very essential for a successful salesman
5. Information and Technology Skills	: the Internet has created a selling revolution by putting total purchasing and decision making authority in the hands of prospective buyers
6. Self Management Skills	: a salesman has to take up so many tasks like gathering market information and customer information; feeding future buying trends back to company, preparing reports
7. Salesperson as Revenue Generator	: sales people occupy the unique role of revenue producer in their firm and try to increase sales volume to contribute company's profitability
8. Salesperson as Consultant:	: his objective is not to fool the customers but to gain their confidence, convince them about the product
9. Salesperson as Image Builder	: salesman has the crucial role of building the image or status or good will of company
10. Salesperson as Relationship Builder	: the role of salesmen in building successful buyer- seller relationship and maintaining it is very crucial
11. Salesperson Role to Call on Customers	: the foremost duty of every salesman, in general, is to call on existing customers or a new customer
12. To Maintain and Extend Sales Territory	: a sales territory is a geographical area consisting of number of prospects and customers
13. Salesperson Role to Increase Sales	: a company generally does not deal in a single product, but has a product line and product range
14. Salesperson Role to Build Company Image	: the greatest thing in business is credibility, status and the image of an organization
15. Salesperson Role to Create Product Knowledge	: the world of competition and technology brings new ideas, new products, new processes, new services at much cheaper cost every day
16. Salesperson Role to Guide Dealers	: dealers are the people, who help in successful distribution of goods and services of a firm

At a Glance

This section provides summary of the chapter.

At a Glance

- Marketing is the process of identifying and satisfying customers' requirements with the purpose of making profits.
- Marketing mix represents a combination of the marketing methods, devices and tools product, price, promotion and place.
- The product marketing mix comprised of product, price, place and promotions.
- The service marketing mix comprises 4P's and has three further variables included which are people, physical evidence and process.
- Marketing mix helps in pursuing consumer-oriented marketing as it serves as a direct link between the organization
- Marketing mix signifies that its four elements are closely inter-related.
- Marketing mix gives consideration to the various elements of marketing system.
- Physical products include tangible goods like grocery items, garments etc.
- Place includes the distribution channels, the extent of market coverage, managing inventories, transportation and logistics.
- Price is the amount charged for a product or service. It is the second most important element in the marketing mix.
- Fixing the price of the product is a tricky job.

Sample Practical Work

Practical learning helps students learn more

PRACTICAL EXERCISE-1

Learning Objectives

- Introduction and Aim of Practical
- Consumer Goods and Industrial Goods
- Tangible Goods and Intangible Goods
- Types and Features of Product
- Durable goods and Non Durable Goods
- Conclusion

Students shall prepare a file containing analysis of types and features of a product being produced by different companies. Data / Product collected shall be justified with marketing fundamentals.

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Sample Project Work

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

SAMPLE PROJECTS

PROJECT-1

TOPIC: Students shall prepare a project on marketing mix of an organisation.
Or Marketing Mix of COCA-COLA

Outcomes of Project:

- Introduction
- Learning and understanding
- Identification of core and advance issues
- Suggestions and conclusion

Marketing Mix of COCA-COLA

Assessment Tools

Knowledge Assessments

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

Activity

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

Exercises

CBSE Textbook Questions with Answers

Assignment 1

A. State whether the following statements are true or false:

1. Selling proposes more career opportunities than any other area of marketing.
2. A salesman convinces prospects to make an investment in quality by emphasizing value over price.
3. It is smart business tactic of a sales man to commit wrong delivery schedules to a customer needing urgent delivery.
4. A good salesperson by demonstrating care about his customers builds a good, long term relationship with the customers
5. Today traditional selling is being replaced with 'Web marketing'
6. First line sales manager are the top performing salesperson having team player abilities
7. Zonal or Regional Sales Manager post is the highest post in sales and markets as well.
8. To achieve a bigger market share for the company in comparison to other rival firms, firms should increase supply.
9. Sales personnel have to chase their daily targets, weekly targets, monthly and annual targets to retain their jobs and to scale up in their career path.

Answers:

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

Assignment 2

A. State whether the following statements are true or false:

1. The Internet has created a selling revolution by putting total purchasing and decision making authority in the hands of prospective buyers.
2. A salesman requires no specific skills for winning new business.
3. A salesman has to be skillful enough to ask questions that uncover need and then should make response to persuade prospects into buying.
4. Personal grooming and etiquettes are the prerequisite for good salesmanship
5. Knowledge about the provisions for customer service is related to pre-sales service only depending on the type of product or service offered.
6. Knowledge about the prices, discounts and credit policies are very essential to negotiate and close the transaction
7. A salesman needs hard skills of talking and presentation along with soft skills of listening with concern also.
8. The salesman should be able to explain the volume of trade on which cash discounts are offered to customers as buying incentives.
9. Now a day's website of a company has become the first presentation and is crucial for distracting a prospect towards a sale

Answers:

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

Activities

1. Divide the class into small groups and assign each group a product or service. Ask them to identify and create different market segments for the given product or service and encourage students to consider demographic, psychographic, behavioral, and geographic factors.
2. Prepare a file to conduct a case study analysis. Provide students with a real-world example of a company that successfully targeted a specific market segment. Ask them to research and present the reasons behind the company's choice of target market and how it implemented its targeting strategy.
3. In the class organize a debate or panel discussion on different targeting strategies, such as undifferentiated marketing, differentiated marketing and concentrated marketing. Assign each group a strategy and ask them present arguments for and against its effectiveness in various scenarios.

Additional Questions with Answers

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

Additional Questions with Answers

A. Multiple Choice Questions

1. Market segmentation means
 - (a) Dividing the sales team into small groups
 - (b) Dividing the marketing process into small steps
 - (c) Dividing the territory into small areas
 - (d) All of these
2. The basis of geo-demographic segmentation is based upon:
 - (a) City size
 - (b) State or Union territory
 - (c) Population density
 - (d) Classification of residential neighbourhood
3. Which of the following characteristics do not match with benefit segmentation?
 - (a) It is based upon measuring consumer value systems
 - (b) It relies on descriptive factors
 - (c) It seeks to identify distinct consumer needs
 - (d) It relies on casual factors
4. Which of the following criticisms of age as a segmentation variable is invalid?
 - (a) Age is not a reliable predictor of lifestyle
 - (b) Chronological age need not be synonymous with psychological age
 - (c) The similarities in consumer wants for different age groups are usually greater than the differences
 - (d) Age is not an accurate predictor of a person's spending habits
5. Which one of the following statements does not form part of effective positioning strategy?
 - (a) Choosing a price strategy
 - (b) Determining target customers' needs
 - (c) Determining what is value to the target customers
 - (d) Developing products with numerous product differences compared with competing brands
6. Which of the following is not an element of demographic segmentation?
 - (a) Family size
 - (b) Population density
 - (c) Income
 - (d) Religion
7. The most important reason behind the utilization of market segmentation is
 - (a) Market heterogeneity
 - (b) Positioning
 - (c) Test marketing
 - (d) Product life cycle
8. Segmenting the market according to the customer use of the service is an example of which bases of segmentation?
 - (a) Demographic
 - (b) Geographic
 - (c) Behavioral
 - (d) Psychographic
9. In effective target market, marketers should focus on:
 - (a) Market segmentation
 - (b) Market Targeting
 - (c) Market positioning
 - (d) All of these
10. Which of the following is not a useful construct for positioning strategy?
 - (a) Positioning on the basis of product features
 - (b) Positioning on the basis of benefits
 - (c) Positioning for an undifferentiated market
 - (d) Positioning for user category

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. Review Questions

1. Briefly explain the meaning of soft and hard skills.
2. Distinguish between hard and soft skills.
3. In business dealings soft skills are more important than that of hard skill. Do you agree? Give answer in two lines.
4. Why hard skills are called tangible and soft skills as intangible. Give example of two each.
5. Why these two skills are required in marketing and selling. Answer in three lines.

Assignment 2

A. Multiple Choice Questions

1. Facial expression, symbols, body language are examples of what type of communication.
 - (a) Verbal Communication
 - (b) Non-Verbal Communication
 - (c) Technology Communication
 - (d) Virtual Communication
2. Why is eye contact an important factor in communicating?
 - (a) Eye contact creates and individual communicating.
 - (b) Eye contact confirms to the speaker that you are actively listening
 - (c) Eye contact keeps you focused on the topic of deal

Answers:

1. (b) Non-Verbal Communication
2. (b) Eye contact confirms to the speaker that you are actively listening

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-II	13	2
	Unit 2 : Self-Management Skills-II	07	2
	Unit 3 : ICT Skills-II	13	2
	Unit 4 : Entrepreneurial Skills-II	10	2
	Unit 5 : Green Skills-II	07	2
	Total	50	10
PART B	Subject Specific Skills		
	Unit 1 : Sales with other functions- Introduction to Marketing Mix	20	05
	Unit 2 : Market (Segmentation, Targeting and Positioning)	30	05
	Unit 3 : Basic concept of Sales and selling	30	10
	Unit 4 : Careers in selling	20	10
	Unit 5 : Skills in selling	20	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
Unit 1 : Sales with other functions- Introduction to Marketing Mix	Session 1 : Marketing Mix	Theory: <ul style="list-style-type: none"> • Introduction to Marketing Mix • Types of Marketing Mix • Significance/ Importance of Marketing Mix • Product / Service • Place/Distribution • Price • Promotion Activity - Power point presentation on the four tools of Marketing Mix
	Session 2 : 4ps	

Unit : 2 Market Process	Session 1 : Market Segmentation	<ul style="list-style-type: none"> • Introduction • Bases for segmenting consumer markets • How is the segmentation done <p>Activity -</p> <ul style="list-style-type: none"> • Pick up a product of your choice and identify the segment for that product Make a PowerPoint Presentation on market segmentation 	<ul style="list-style-type: none"> • Concept of Market Segmentation • Understanding Segmentation • Requirements for Effective Segmentation
	Session 2 : Market Targeting	<ul style="list-style-type: none"> • Evaluating the segment • Strategies of Market Targeting <p>Activity –</p> <ul style="list-style-type: none"> • Make a presentation on the concept of targeting the market • Choose a product or service of your choice and identify which strategy of targeting would you choose for that product or service 	<ul style="list-style-type: none"> • Selecting the segment
	Session 3 : Positioning the Product	<ul style="list-style-type: none"> • Positioning Strategies/Bases <p>Activity –</p> <ul style="list-style-type: none"> • Make a presentation on the importance of positioning the product in the market • Give a list of products to the students and ask them to position them on particular attributes and then present in class as to why they chose a particular attribute of positioning of a particular product 	
Unit 3 : Sales Process	Session 1 : Prospecting	<ul style="list-style-type: none"> • Introduction • What is prospect • Characteristics of a good prospect • Qualifying (or selecting) the prospects Activity • Prepare a presentation on Process of selling and present it in the class. • Role-playing in the class, wherein, some students act as prospective customers and some are asked to do Prospecting 	
	Session 2 - Planning the Approach (Pre- Approach)	<ul style="list-style-type: none"> • Planning the presentation (Pre- Approach) • Approach • Demonstration <p>Activity -</p> <ul style="list-style-type: none"> • Role-playing in the class, wherein, some students act as prospective customers and some are asked to do Prospecting 	
	Session 3 - Objections and Handling Objections:	<ul style="list-style-type: none"> • Types of objections <p>Activity -</p> <ul style="list-style-type: none"> • Visit to a mall and let the students have a word with the salesperson and first hand experience of handling objections • Role-playing in the class, wherein, some students are asked to raise objections and some are asked to handle them 	
	Session 4 - Closing the Sale	<ul style="list-style-type: none"> • Introduction • Techniques of Closing Sales <p>Activity -</p> <ul style="list-style-type: none"> • Visit to a mall and let the students have a word with the salesperson and first-hand experience of "Closing a Sale" • Role-playing in the class, wherein, a situation is given and the students are asked Close a Sale" 	
Unit 4 : Careers in Selling	Session 1 – Challenges in the selling career	<ul style="list-style-type: none"> • Challenges : Pricing and Packaging <p>Activity -</p> <ul style="list-style-type: none"> • Discussion of problems with the help of situations and find out solutions from students' perspective 	
	Session 2 - Skills in Selling and their training	<ul style="list-style-type: none"> • Skills in Selling and their training <p>Activity – Role play enactment</p>	
	Session 3 – Roles of a sales person	<ul style="list-style-type: none"> • Role of Sales person • Responsibilities of Sales person <p>Activity – Enlist obligations and commitments of salespersons</p>	
	Session 4 – Aftersales services	<ul style="list-style-type: none"> • After sales services and techniques • Why to provide After Sales Service? 	
Unit 5 : Skills in Selling	Session 1 – Hard skill Soft skill	<ul style="list-style-type: none"> • Meaning and type of skills • Distinguish between Hard and soft skill • perspective 	
	Session 2 - Communication Skills	<ul style="list-style-type: none"> • need and objective • Elements in the typical communication 	
	Session 3 – Negotiation skill	<ul style="list-style-type: none"> • What is negotiation • Effective negotiation skill 	
	Session 4 – Influencing skill	<ul style="list-style-type: none"> • Meaning / How to work 	
	Session 5 – Emotional quotient	<ul style="list-style-type: none"> • Meaning 	
	Session 6 – Personal Grooming/ Ethical behavior	<ul style="list-style-type: none"> • Meaning • Business Ethics 	

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Introduction to Marketing Mix

Learning Objectives

- | | |
|--|--|
| 1.1 Introduction | 1.2 Types of Marketing Mix |
| 1.3 Significance / Importance of Marketing Mix | 1.4 Product Marketing Mix |
| 1.5 Pricing Strategy | 1.6 Marketing Mix of McDonalds: A Case Study |

1.1 Introduction

Marketing is the process of identifying, anticipating and satisfying customers' requirements with the purpose of making profits. Every business organization has to determine its Marketing Mix for the satisfaction of needs of the customers. Marketing mix represents a combination of the marketing methods, devices and tools product, price, promotion and place. These elements are inter-related because decision in one will usually affect actions in the others. The 4P's were formalized and developed over the years by experts to ensure the creation and execution of a successful marketing strategy. Through the use of this tool, the attempt is to satisfy both the customer and the seller.



When properly understood and utilized, this mix has proven to a key factor in a product's success. In this chapter we shall study about the concept of marketing mix, its components and the relationship among various components of marketing mix.

1.2 Meaning and Definition of Marketing Mix

A successful marketing strategy must have a marketing mix as well as a target market for which the marketing mix is prepared. The marketing mix will be changing according to changing marketing conditions and also with changing environmental factors (technical, social, economic and political) affecting each market. If the needs of the customers change, the marketing mix will also be changed.

“Marketing mix is the combination of four elements called the 4P's—Product, Price, Promotion and Place that every company has the option of adding, subtracting or modifying in order to create a desired marketing strategy.”
— Philip Kotler

Marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market.
—Kotler and Armstrong

Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system: the product, the price structure, the promotional activities and the distribution system.
—W. J. Stanton

1.3. Types of Marketing Mix

The marketing mix is one of the most famous marketing terms. It is the tactical or operational part of a marketing plan. The marketing mix is also called the 4Ps and the 7Ps. The 4Ps are price, place, product and promotion. The services marketing mix is also called the 7Ps and includes the addition of process, people and physical evidence. So Marketing mix is mainly of two types:

1. **Product Marketing Mix:** The product marketing mix comprised of product, price, place and promotions. This marketing mix is mainly used in case of tangible goods.



Product



Price



Place



Promotion

Product Marketing Mix

2. **Service Marketing Mix:** The service marketing mix comprises of product, price, place and promotions and has three further variables included which are people, physical evidence and process.



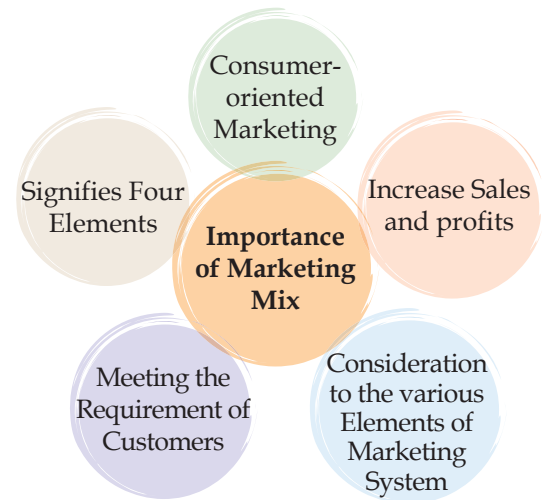
But here in this unit we are going to discuss only the Product Marketing Mix comprising of the 4Ps.

1.4 Significance / Importance of Marketing Mix

Marketing mix represents a blending of all the four elements namely product, price, promotion and place / physical distribution. Determination of an effective marketing mix is an important decision for any manager of an organization. If a proper marketing mix is determined, the following benefits will accrue to the organization.

1. **Consumer-oriented Marketing:** Marketing mix helps in pursuing consumer-oriented marketing as it serves as a direct link between the organization and its customers thus focusing on the satisfaction of the customers.

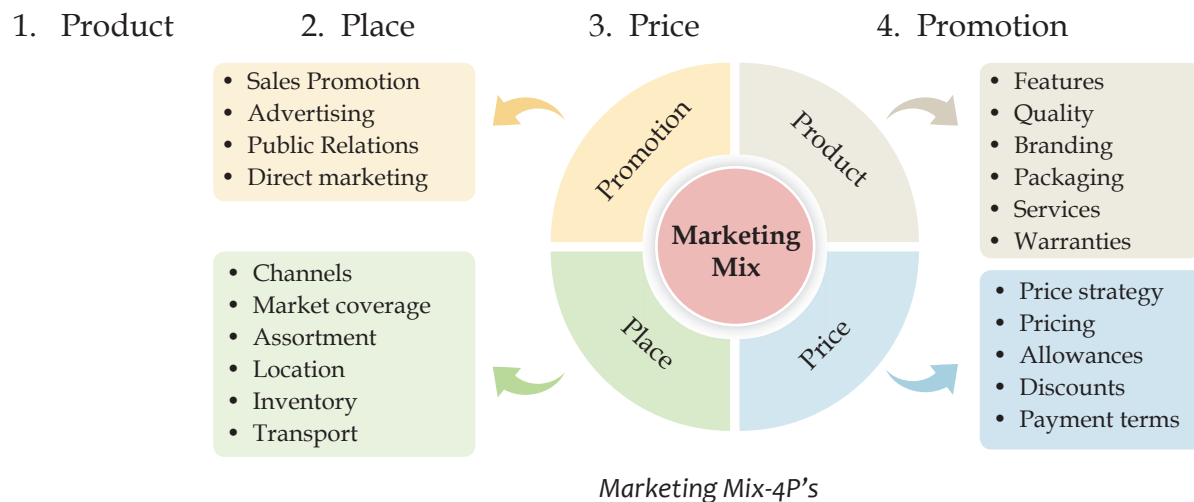
- Increase Sales and profits:** It helps in increasing the sales and earning higher profits.
- Consideration to the various Elements of Marketing System:** Marketing mix gives consideration to the various elements of marketing system. There is a balanced relation between these elements. For instance, the price of a product depends upon its 7 features and branding, packaging etc. The different media required in promoting the product will depend upon the product and its features. The channels of distribution will also depend upon the nature, utility etc of the product.
- Meeting the Requirement of Customers:** Marketing mix facilitates meeting the requirement of different types of customers. Product design, pricing, promotion and distribution will depend upon the needs and purchasing power of the customers.
- Signifies Four Elements:** Marketing mix signifies that its four elements are closely inter-related. Decisions or changes in one element usually affect decisions or changes in the other.



1.5. Product Marketing Mix

It comprises of Product, price, place and promotions and is mainly used in case of tangible goods. It was the marketer E. Jerome McCarthy who proposed a four Ps classification in 1960, which has since been used by marketers throughout the world.

A good and easy way to understand the 4Ps is by the questions that you need to ask to define your marketing mix. Some questions that will help you understand and define each of the four elements as given in the figure are as under:



1.5.1 Product

Product refers to a physical product or a service or an idea which a consumer needs and for which he is ready to pay. Physical products include tangible goods like grocery items, garments etc. Services are intangible products which are offered and purchased by consumers. Services may involve also an innovative idea on any aspect of operation. Products are the key element of any marketing mix.



Product

The decisions concerning product may relate to:

- (i) Product attributes
- (ii) Branding
- (iii) Packaging and labeling
- (iv) Product support service
- (v) Product mix

Some of the questions which will help us to understand more about the product are:

1. What does the customer want from the product / service?
2. What needs does it satisfy?
3. What features does it have to meet these needs? How and where will the customer use it?
4. What does it look like?
5. How will customers experience it? What size(s), color(s) and so on, should it be?
6. What is it to be called?
7. How is it branded?
8. How is it differentiated versus your competitors?
9. What is the most it can cost to provide and still be sold sufficiently profitably?

1.5.2 Place/Distribution

Place includes the distribution channels, the extent of market coverage, managing inventories, transportation and logistics. Availability of the product to the customers at the right time, right place and in the right quantity are some crucial decisions in placement of a product. Place or placement has to do with how the product will be provided to or reach the customer.

Place includes company activities that make the product available to target consumers.
— Kotler and Armstrong



Place/Distribution

Distribution is a key element of placement. The placement strategy will help assess what channel is the most suited to a product. How a product is accessed by the end user also needs to compliment the rest of the product strategy. Distribution is of two types:

1. **Direct Distribution:** Your business sells its products directly to customers through channels such as retail stores, markets, the internet, direct mail orders, door to door sales and catalogues.
2. **Indirect Distribution:** Your business sells its product through some form of middleman who sells the product on behalf of the business. This may be through retailers (such as department stores), wholesalers, agents (such as a real-estate agent) or a distributor. Some questions which will help us in understanding the place element are:
 - (i) Where do buyers look for your product or service?
 - (ii) If they look in a store, what kind?

- (iii) A specialist boutique or in a supermarket or both? Or online? Or direct, via a catalogue?
- (iv) How can you access the right distribution channels?
- (v) Do you need to use a sales force? Or attend trade fairs? Or make online submissions? Or send samples to catalogue companies?
- (vi) What do your competitors do and how can you learn from that and/or differentiate?

1.5.3 Price

Price is the amount charged for a product or service. It is the second most important element in the marketing mix. Fixing the price of the product is a tricky job.

Price is the amount the consumer must exchange to receive the offering. —Solomon

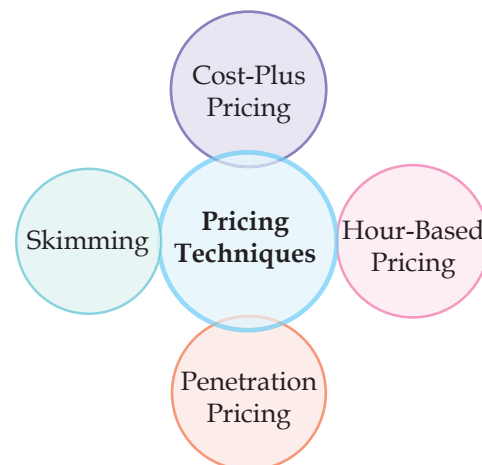
Many factors like demand for a product, cost involved, consumer's ability to pay, prices charged by competitors for similar products, government restrictions etc. have to be kept in mind while fixing the price. In fact, pricing is a very crucial decision area as it has its effect on demand for the product and also on the profitability of the firm. Some relevant questions about the pricing strategy are given below.



1. What is the value of the product or service to the buyer?
2. Are there established price points for products or services in this area?
3. Is the customer price sensitive?
4. Will a small decrease in price gain you extra market share? Or will a small increase be indiscernible and so gain you extra profit margin?
5. What discounts should be offered to trade customers or to other specific segments of your market?
6. How will your price compare with your competitors?

1.5.3.1 Pricing Strategy

It is an important part of the marketing mix. There are a number of popular pricing techniques to choose from:



1. **Cost-Plus Pricing:** A common way to make pricing decisions is to calculate how much it costs to do a particular job or activity and then add on a given percentage as a return for the job or activity. This is sometimes known as mark-up. For example, a business may decide that to do a

small repair job on a car, including use of premises, infrastructure, labor but excluding parts, etc, it will charge ₹ 100. The business works on the basis of making a return of 25% on all the work that it does. It therefore charges the customer ₹ 125.

2. **Hour-Based Pricing:** Many small businesses are able to work out what their costs are on the basis of every hour of work they do, e.g. for gardening, sign writing, photography, etc. The business owner is then able to charge a standard rate per hour.
3. **Penetration Pricing:** When a firm brings out a new product into a new or existing market, it may feel that it needs to make quick sales in order to establish it and to make it possible to produce larger quantities. It may therefore start off by offering the product at a low price. When it sees that product has penetrated well in the market and market penetration has been achieved, then he goes for price rise.
4. **Skimming:** When you bring out a new product, you may be able to start off by charging quite a high price. Some customers may want to be the first to buy your product because of the prestige of being seen with it or because they want to be associated with your product before anyone else. Example mobile phones, another example would be an exclusive and unique dress could be sold initially at a particular price to wealthier customers. The next season, the price could be lowered making it accessible to a less wealthy group of customers. Later on, the dress could be mass produced and made available at low prices to the mass market.

A premium price is an exclusive price charged for up market products. The marketing mix for a bank account might include:

- (i) **The Product/Service Itself:** It is the account and what the customer can do with it e.g. overdraft facilities, direct debit payment etc.
- (ii) **The Place:** It is either online/ over the telephone or in a physical location.
- (iii) **The Promotion:** In above example attractive offers to students who open the account when first going to university such as an interest free loan or money to buy books.
- (iv) **The Price:** the rate of interest paid on positive balances and charged on negative balances.

1.5.4 Promotion

Promotion represents the different methods of communication that are used by marketer to inform target audience about the product. These may include advertising, sales promotions, public relations, direct mail, personal selling and internet promotion. It is an essential component of marketing as it can boost brand recognition and sales. Promotion is comprised of various elements like:



Advertising



Sales Promotion



Personal Selling

1. **Advertising:** It covers communication methods that are paid for like television advertisements, radio commercials, print media and internet advertisements.

2. **Sales Promotion:** Sales Promotion comprises of tools used to promote sales in a given territory and time. They include discount coupons, price offs, prizes, lucky draws, free trials etc.
3. **Personal Selling:** Personal Selling is a direct display of the product to the consumers or prospective buyers.
4. **Public Relations:** Public relations are communications that are typically not paid for. This includes press releases, exhibitions, sponsorship deals, seminars, conferences and events.
5. **Direct Mail:** Is the sending of publicity material to a named person from an organization. The aim of direct marketing is to create one to one relationships with the organizations target market. Direct marketing can come in the form of post, e-mail, telephone calls and mail order. The company usually contacts a named person at the address.

6. **Internet Marketing:** The use of the web for the promotion of products or services. This could be the firm advertising via the use of banner ads, flash videos or Google keywords. It is becoming very popular among firms as a tool for promotion.

Some pertinent questions which come to the mind for understanding the promotion element are as follows.

1. Where and when can you get across your marketing messages to your target market?
2. Will you reach your audience by advertising online, in the press or on TV or radio or on billboards?
 - (a) By using direct marketing mails hot?
 - (b) By using PR?
 - (c) On the Internet?
3. When is the best time to promote? Is there seasonality in the market? Are there any wider environmental issues that suggest or dictate the timing of your market launch or the timing of subsequent promotions?
4. How do your competitors do their promotions? And how does that influence your choice of promotional activity?

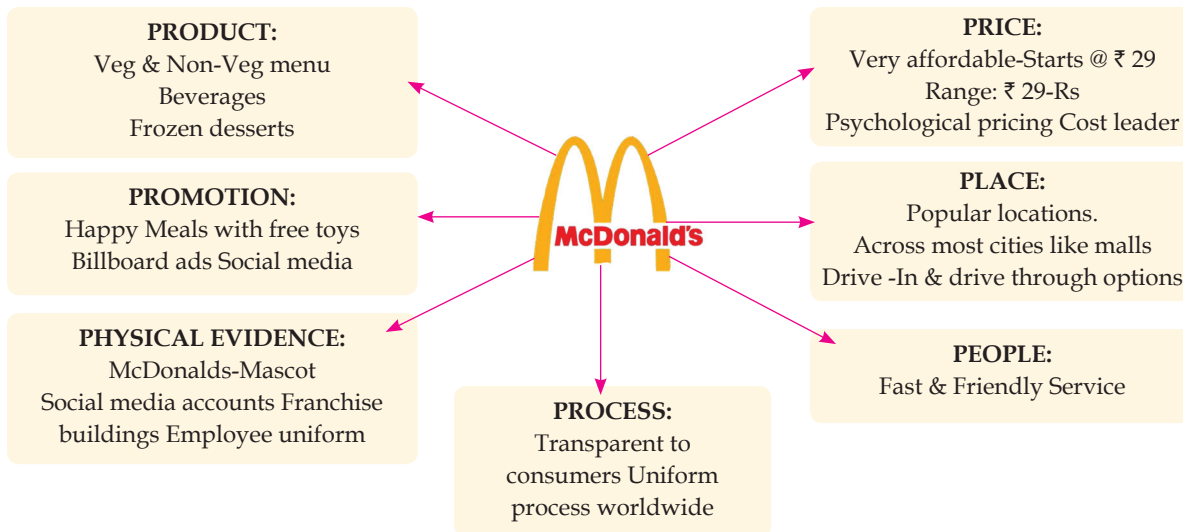


1.6. Marketing Mix of McDonalds: A Case Study

We can understand the concept of marketing mix with the help of the example of McDonalds Marketing Mix of McDonalds. The marketing mix of McDonalds consists of the various elements in the marketing mix which forms the core of a company's marketing system and hence helps to achieve marketing objectives. The marketing mix of McDonalds discusses the 4P's of the leading burger chain across India offering the tastiest burgers and French fries.



The 7 marketing mix of McDonalds are as follows:



- 1. Product:** McDonald's places considerable emphasis on developing a menu which customers want. Market research establishes exactly what this is. However, customers requirements change over time. In order to meet these changes, McDonald's has introduced new products and phased out old ones and will continue to do so. Care is taken not to adversely affect the sales of one choice by introducing a new choice, which will cannibalise sales from the existing one (trade off). McDonald's knows that items on its menu will vary in popularity. Their ability to generate profits will vary at different points in their cycle. In India McDonalds has a diversified product range focusing more on the vegetarian products as most consumers in India are primarily vegetarian. The happy meal for the children is a great seller among others.



- 2. Price:** The customer's perception of value is an important determinant of the price charged. Customers draw their own mental picture of what a product is worth. A product is more than a physical item, it also has psychological connotations for the customer. The danger of using low price as a marketing tool is that the customer may feel that quality is being compromised. It is important when deciding on price to be fully aware of the brand and its integrity. In India McDonalds classifies its products into 2 categories namely the branded affordability (BA) and branded core value products (BCV). The BCV products mainly include the McVeggie and McChicken burgers that cost ₹ 60-70 and the BA products include McAloo tikki and Chicken McGrill burgers which cost Rs30-40. This has been done to satisfy consumers which different price perceptions.



3. **Promotion:** The promotions aspect of the marketing mix covers all types of marketing communications. One of the methods employed is advertising. Advertising is conducted on TV, radio, in cinema, online, using poster sites and in the press for example in newspapers and magazines. Other promotional methods include sales promotions, point of sale display, merchandising, direct mail, loyalty schemes, door drops, etc. The skill in marketing communications is to develop a campaign which uses several of these methods in a way that provides the most effective results. For example, TV advertising makes people aware of a food item and press advertising provides more detail. This may be supported by in-store promotions to get people to try the product and a collectable promotional device to encourage them to keep on buying the item.



At McDonald's the prime focus is on targeting children. In happy meals too which are targeted at children small toys are given along with the meal. Apart from this, various schemes for winning prizes by way of lucky draws and also scratch cards are given when an order is placed on the various menu combos.

4. **Place:** Place, as an element of the marketing mix, is not just about the physical location or distribution points for products. It encompasses the management of a range of processes involved in bringing products to the end consumer. McDonald's outlets are very evenly spread throughout the cities making them very accessible. Drive in and drive through options make McDonald's products further convenient to the consumers.



The service marketing mix can further be understood after discussing the other three variables/elements viz; people, process and physical evidence.

5. **People:** The employees in McDonald's have a standard uniform and McDonald's specially focuses on friendly and prompt service to its customers from their employees.

6. **Process:** The food manufacturing process at McDonald's is completely transparent i.e. the whole process is visible to the customers. In fact, the fast food joint allows its customers to view and judge the hygienic standards at McDonald's by allowing them to enter the area where the process takes place. The customers are invited to check the ingredients used in food.



7. **Physical Evidence:** McDonalds focuses on clean and hygienic interiors of its outlets and at the same time the interiors are attractive and the fast food joint maintains a proper decorum at its joints.

At a Glance

- Marketing is the process of identifying and satisfying customers' requirements with the purpose of making profits.
- Marketing mix represents a combination of the marketing methods, devices and tools product, price, promotion and place.
- The product marketing mix comprised of product, price, place and promotions.
- The service marketing mix comprises 4P's and has three further variables included which are people, physical evidence and process.
- Marketing mix helps in pursuing consumer-oriented marketing as it serves as a direct link between the organization
- Marketing mix signifies that its four elements are closely inter-related.
- Marketing mix gives consideration to the various elements of marketing system.
- Physical products include tangible goods like grocery items, garments etc.
- Place includes the distribution channels, the extent of market coverage, managing inventories, transportation and logistics.
- Price is the amount charged for a product or service. It is the second most important element in the marketing mix.
- Fixing the price of the product is a tricky job.
- Promotion represents the different methods of communication that are used by marketer to inform target audience about the product
- Sales Promotion comprises of tools used to promote sales in a given territory and time.
- Personal Selling is a direct display of the product to the consumers or prospective buyers.
- Public relations are communications that are typically not paid for.
- Internet marketing use of the web for the promotion of products or services.

Glossary

- | | |
|---------------------------------|---|
| 1. Marketing Mix | : it is the combination of four elements called the 4P's—Product, Price, Promotion and Place |
| 2. Product Marketing Mix | : the product marketing mix comprised of product, price, place and promotions |
| 3. Service Marketing Mix | : the service marketing mix comprises of 4P's and has three further variables people, physical evidence and process |
| 4. Product | : product refers to a physical product or a service or an idea which a consumer needs and for which he is ready to pay |
| 5. Place/Distribution | : place includes company activities that make the product available to target consumers |
| 6. Price | : price is the amount charged for a product or service. It is the second most important element in the marketing mix |
| 7. Cost-Plus Pricing | : a common way to make pricing decisions is to calculate how much it costs to do a particular job or activity |
| 8. Hour-Based Pricing | : many small businesses are able to work out what their costs are on the basis of every hour of work they do |
| 9. Skimming | : when you bring out a new product, you may be able to start off by charging quite a high price |
| 10. Promotion | : promotion represents the different methods of communication that are used by marketer to inform target audience about the product |

11. Advertising	: it covers communication methods that are paid for like television advertisements, radio commercials, print media and internet advertisements
12. Sales Promotion	: sales Promotion comprises of tools used to promote sales in a given territory and time
13. Personal Selling	: personal Selling is a direct display of the product to the consumers or prospective buyers
14. Public Relations	: public relations are communications that are typically not paid for
15. Direct Mail	: direct marketing is to create one to one relationships with the organizations target market

Exercises

CBSE Textbook Questions with Answers

Assignment 1

A. Fill in the Blanks:

- Marketing mix is of types.
- is mainly used in case of tangible goods.
-,, are the three further variables included in service marketing mix.
- The elements of marketing mix are to one another as decision in one will affect the action in the other.

Answers:

1. Two 2. Marketing mix 3. People, process, physical evidence 4. Inter-related

B. Short Questions:

- Briefly explain what is marketing mix?
- What is the importance of marketing mix?

C. Multiple Choice Questions

- A business's marketing mix would NOT include:

(a) Product	(b) Profit	(c) Place	(d) Promotion
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- Which of the following descriptions provides the best definition of the marketing mix?

(a) The way products are arranged in a retail store to maximize sales
(b) The way a business combines the main marketing elements to sell products that meet the needs and wants of customers
(c) The way a business distributes its products through retailers and wholesalers
(d) The way products are priced and packaged
- What do the 4 P's achieve when they work together?

(a) Target customers	(b) Profit margins
(c) Creating Marketing plan	(d) None of the above

Answers:

- (b) Profit
- (b) The way a business combines the main marketing elements to sell products that meet the needs and wants of customers
- (a) Target customers

Assignment 2

A. Long Questions

1. Comment briefly on the following 4 P's:
(i) Price (ii) Product (iii) Place (v) Promotion
2. Give examples of each of the seven elements of the marketing mix.
3. What promotional strategies are used by organization to promote their products?
4. Explain in brief any two pricing techniques?

B. Multiple Choice Questions:

1. The use of a name, symbol or design to identify a product is known as:
(a) USP (b) Advertisement (c) Promotion (d) Branding
2. Which of these promotional methods involve face to face communication with the customers?
(a) Public relation (b) Sponsorship (c) Online advertising (d) Personal selling
3. Which of these methods is NOT an example of direct marketing
(a) Direct mailing (b) Sales promotion (c) E-mail promotion (d) Tele marketing
4. A publisher wants to reach new customers overseas. Which would be the most cost-effective form of promotion?
(a) Sales promotion (b) Radio advertisement
(c) Online advertisement (d) Newspaper advertisement
5. Which of the 4 P's of the marketing mix concerns how much a customer pays for the goods or service being offered?
(a) Place (b) Price (c) Product (d) Promotion
6. Which of the following is a short distribution channel?
(a) Direct to the customer (b) Wholesaler – retailer- consumer
(c) Producer – retailer- consumer (d) Producer- wholesaler- retailer-consumer
7. Sales promotion can involve all of the following EXCEPT:
(a) Loyalty program (b) TV commercials (c) Samples (d) Coupons

Answers:

1. (d) Branding 2. (d) Personal selling 3. (b) Sales promotion
4. (c) Online advertisement 5. (b) Price 6. (a) Direct to the customer
7. (a) Loyalty program

Assignment 3

1. Prepare a marketing mix assignment on any product Coca Cola, Nestlé's, Maggie or any other tangible product using the four main elements of marketing mix.
2. Analyze each of the 4 P's mentioned in the above marketing mix.
3. Prepare a case study on creating the right marketing mix.

Additional Questions with Answers

A. Multiple Choice Questions

1. Marketing mix is suggested by.....
(a) Philip Kotler (b) Neil Borden (c) Peter Drucker (d) Neil Armstrong
2. Increasing the features and quality you offer is a decision made by which marketing mix?
(a) Product (b) Price (c) Promotion (d) Place

3. Advertising, Publicity, Personal selling, Sales promotion, these are also termed as four elements of a
 (a) Promotion Mix (b) Marketing Mix (c) Place Mix (d) Sales Mix
4. To which tool of marketing mix does 'Brand Name' relate?
 (a) Price (b) Promotion (c) Place (d) Product
5. is not a part of marketing mix.
 (a) Product (b) Purpose (c) Place (d) Price
6. Branding is a decision.
 (a) Product (b) Price (c) Promotion (d) Place
7. Which one of the 4Ps is responsible for direct mail:
 (a) Product (b) Price (c) Promotion (d) Place
8. The way in which the product is delivered to meet the customer's need refers to:
 (a) New product concepts (b) Selling
 (c) Advertising (d) Place or distribution decisions
9. Newsletters, catalogues and invitations to organization-sponsored events are most closely associated with the marketing mix activity of:
 (a) Pricing (b) Distribution (c) Product development (d) Promotion
10. The value that is put for a product is known as
 (a) Commission (b) Price (c) Profit (d) Revenue

Answers:

1. (b) Neil Borden 2. (a) Product 3. (a) Promotion Mix 4. (b) Promotion
5. (b) Purpose 6. (a) Product 7. (c) Promotion 8. (d) Place or distribution decisions
9. (d) Promotion 10. (b) Price

B. Fill in the Blanks

1. The marketing mix comprised of product, price, place and promotions.
2. products include tangible goods like grocery items, garments etc.
3. includes the distribution channels, the extent of market coverage, managing inventories, transportation and logistics.
4. Price is the amount charged for a product or
5. Promotion represents the different methods of that are used to inform target audience about the product.
6. comprises of tools used to promote sales in a given territory and time.
7. Selling is a direct display of the product to the consumers or prospective buyers.
8. Internet marketing use of the for the promotion of products or services

Answers:

1. Product 2. Physical 3. Place 4. Service
5. Communication 6. Sales Promotion 7. Personal 8. web

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

1. The service marketing mix comprises 4Ps and has three further variables included which are people, physical evidence and process.
2. People are one of the components of 4P's of marketing mix.
3. Marketing mix helps the organization in achieving their goals.
4. Sales Promotion comprises of tools used to promote sales in a given territory and time.
5. Marketing mix is applicable to only non-business organization.

6. Four P's of marketing mix are independent of each other.
7. Personal Selling is a direct display of the product to the consumers.
8. Multiple channels may help target a wider customer base and ensure easy access.
9. Public relations are communications that are typically not paid for.
- 10.

Answers:

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

D. Short Answer Type Questions

1. What is the term Marketing Mix?

Ans. Marketing mix is the term used to describe the combination of the four inputs which constitute the core of a company's marketing system, the product, the price structure, the promotional activities and the distribution system.

2. What are the 4 P's of marketing?

Ans. The 4 P's comprised of Product, Price, Place and Promotions.

3. What is meant by price mix?

Ans. Price is the amount the consumer must exchange to receive the offering. Price is the amount charged for a product or service. It is the second most important element in the marketing mix. Fixing the price of the product is a tricky job.

4. What is done under place mix?

Ans. Place includes company activities that make the product available to target consumers.

Place includes the distribution channels, the extent of market coverage, managing inventories, transportation and logistics.

5. What do you mean by 'product mix'?

Ans. Product refers to a physical product or a service or an idea which a consumer needs and for which he is ready to pay. Physical products include tangible goods like grocery items, garments etc. Services are intangible products which are offered and purchased by consumers.

7. To which tool of the marketing mix does 'Brand Name' pertain?

Ans. Product mix.

8. List name of any four pricing strategy.

Ans. They are cost-plus pricing, hour-based pricing, penetration pricing and skimming.

E. Long Answer Type Question-I

1. Explain the elements of marketing mix.
2. What are the major factors affecting marketing mix?
3. Explain the significance of marketing mix.
4. Explain the types of marketing mix.
5. Explain the significance of marketing mix in marketing.
6. State any two points of significance of marketing mix.
7. Name and define the four P's of the marketing mix.
8. Explain any four product oriented benefits from marketing mix.

F. Long Answer Type Question-II

1. What do you mean by marketing mix? Explain various types of marketing mix in details.
2. What is niche marketing? Why any firm adopts this strategy? Explain.

3. Explain the significance and importance of marketing mix.
4. What do you mean by Advertisement? Discuss any four other ways to promote goods and services.
5. Define pricing strategy? Explain the popular pricing techniques.
6. Explain Product Marketing Mix in details.
7. Explain the strategies used by a producer to create a place for his product in the market in relation to competitor's product.

Previous Years' CBSE Sample Questions

A. Answer the following questions.

(1 Mark)

1. How many P's were formalised and developed by experts to ensure the creation and execution of a successful marketing strategy?
 (a) 4 P's (b) 3 P's (c) 5 P's (d) None *CBSE 2018-19*
2. The marketers of still and cement making a single marketing plan for their product(s) to be used for all customers would be known as
 (a) Undifferentiated strategy (b) Customised marketing
 (c) Segmented marketing (d) Single segment marketing *CBSE 2018-19*
3. This method of promotion is commonly used to obtain an increase in short-term sales and could involve money-off coupons
 (a) Direct mail (b) Sales promotion (c) Advertising (d) Personal selling
CBSE 2018-19
3. Marketer E. Jerome McCarthy proposed a 4 P's classification in
 (a) 1960 (b) 1950 (c) 1970 (d) None of these
CBSE 2018-19
4. Which P is just the communication aspect of the entire marketing function?
 (a) Product (b) Promotion (c) Price (d) Place *CBSE 2019-20*
5. Which is NOT the variable of the service marketing mix:
 (a) People (b) Process (c) Physical evidence (d) Product *CBSE 2019-20*
6. Which is the most suitable pricing for business writing essays:
 (a) Hour based pricing (b) cost plus (c) Penetration (d) Skimming *CBSE 2019-20*
7. Through the use of this tool, the attempt is to satisfy both the customer and seller. Identify the tool stated in the above sentence
 (a) Marketing mix (b) Marketing strategy
 (c) Combination of the marketing devices (d) All of these *CBSE 2020-21*
8. Where do buyers look for your product? Which element of marketing mix is related with this statement?
 (a) Product (b) Price (c) Place (d) Promotion
CBSE 2020-21
9. For writing an article in the newspaper which pricing technique will be used by you for making payment?
 (a) Cost plus pricing (b) Penetration (c) Skimming (d) Hour based pricing
CBSE 2020-21
10. Before the launch of a movie favorable image pitching the media is created. Which technique of promotion is highlighted with this example?
 (a) Public relations (b) Internet marketing
 (c) Direct mail (d) Sales promotion *CBSE 2020-21*

11. Worldwide fast food chains of restaurants offer BCV products@ rs60 to rs70 and the BA products @ rs30 to rs40. Why?
- (a) To satisfy consumer (b) To satisfy consumers with different price perceptions
(c) Awareness of their product (d) None of these *CBSE 2020-21*
12. What else must a successful marketing strategy have apart from a marketing mix?
- (a) Target market (b) Marketing system (c) Promotional activities (d) None of these
CBSE 2020-21
13. Since when classification of 4p's is in use by marketers throughout the world?
- (a) 1952 (b) 1950 (c) 1962 (d) 1960 *CBSE 2020-21*
14. Which of the following elements is included in service marketing mix, but not included in product marketing mix?
- (a) Price (b) People (c) Place (d) Promotion
CBSE 2021-22
15. In case the customer perceives the product value to be high, then the marketer can set the price at _____ level to make more profits.
- (a) High (b) Low (c) Reasonable (d) Minimum
16. Which of the following is a sales promotion tool?
- (a) You tube videos (b) Advertising (c) Loyalty cards (d) Door-to-door selling
CBSE 2021-22
17. Logistics and Assortment are functions included in one of the following elements of marketing mix. Identify the element.
- (a) Product (b) Price (c) Promotion (d) Place *CBSE 2021-22*
18. Which of the following is excluded in Promotion?
- (a) Personal selling (b) Physical distribution (c) Advertising (d) Public Relations
CBSE 2021-22
19. When a firm brings out a new product into a new or existing market, it may feel that it needs to make quick sales in order to establish itself and to make it possible to produce larger quantities. It may therefore start off by offering the product at a low price. Identify the pricing strategy used by the firm.
- (a) Penetration Pricing (b) Skimming Pricing (c) Cost-plus Pricing (d) Premium Pricing
CBSE 2021-22
20. Dominos is the only pizza brand in India that has geared all its processes to meet its famous 30-minute deadline. The various tasks to be done is performed by the store staff, in given time slots. After the order flashes on kitchen screen, pizza maker immediately begins dough stretching, saucing, spreading cheese and the required toppings. All this is done in 4 minutes. Baking takes next 6 minutes. Then, cutting and packing of pizza is done in warm bags. This process takes another 5 minutes. Further, 8 minutes are assigned for delivery. In total 23 minutes are being allotted to entire process and 7 minutes are kept as buffer for unforeseen circumstances. This way, the 30-minutes pizza home delivery promise is being fulfilled. Which element of service Marketing Mix is highlighted in the above case?
- (a) Product (b) Process (c) Promotion (d) People *CBSE 2021-22*
21. Assertion: A company launching unique innovative product usually charges high price, practicing skimming pricing strategy.
- Reason:** The target market for such new and innovative product includes rich class 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.

CBSE 2021-22

22. Who proposed 4Ps classification of Marketing Mix?

- (a) Philip Kotler (b) William J. Stanton (c) E Jerome McCarthy (d) Henri Fayol

CBSE 2022-23 & 2023-24

23. A dress designer wishes to sell his unique exclusive dress to wealthy customers. Which pricing strategy should he use?

- (a) Penetration (b) Skimming (c) Cost-plus pricing (d) Hour-based pricing

CBSE 2022-23 & 2023-24

B. Very Shot Answer Type Questions

(1 Mark)

1. Can non-tangible features be added to position a product in the market?(YES or NO)

CBSE 2020-21

2. Name the two main types of Marketing Mix.

CBSE 2022-23 & 2023-24

C. Short Answer Type Questions-I

(2 Marks)

1. Explain the significance of Marketing Mix.

CBSE 2018-19

2. Name any four popular pricing techniques used as pricing strategies.

CBSE 2018-19

3. Explain the types of marketing mix.

CBSE 2019-20

4. Which element of marketing mix is also affected by distribution plans; value chain costs and why?

CBSE 2019-20

5. Explain the significance of Marketing Mix in Marketing.

CBSE 2020-21

6. What benefits will the organization reap if a proper marketing mix is determined?

CBSE 2020-21

7. State any two points of significance of Marketing Mix.

CBSE 2022-23 & 2023-24

D. Long Answer Type Question-I

(3 Marks)

1. There are certain queries which a manufacturer must understand before launching a product successfully in the market. Discuss.

CBSE 2019-20

2. Distinguish between direct distribution and indirect distribution.

CBSE 2019-20

3. What is meant by Niche marketing? When should a marketer adopt this strategy?

CBSE 2019-20

E. Long Answer Type Question-II

(4 Marks)

1. How does sales-person guide dealers by creating products knowledge in the market?

CBSE 2020-21

2. Discuss the relevance of understanding and following a logical product life cycle for marketers.

CBSE 2020-21

3. Discuss the relevance of understanding and following a logical product life cycle for marketers.

CBSE 2020-21

4. Advertising through various media is the most common and traditional form of promotion used by business firms. Discuss any four other ways to promote goods and services.

CBSE 2022-23 2023-24

F. Long Answer Type Question-III

(5 Marks)

1. Explain the strategies used by a producer to create a place for his product in the market in relation to competitor's product.

CBSE 2019-20

Activities

1. O

Suggested Learning Activity

- PowerPoint Presentation on the four tools of Marketing Mix.



Market Segmentation, Targeting and Positioning

Learning Objectives

- 2.1 Introduction
- 2.2 Bases of Market Segmentation
- 2.3 Understanding Segmentation
- 2.4 Market Targeting
- 2.5 Selecting the Segment
- 2.6 Strategies of Market Targeting / Types of Targeting
- 2.7 Positioning the Product
- 2.8 Positioning Strategies/Bases

2.1 Introduction

Market segmentation is the starting step in applying the marketing strategy. It begins by identifying the underlying principle of market segmentation. In this process the marketer and expectations of the consumers are involved. On the basis of segmentation, the company will prepare and follow different marketing programs for different segments to ensure better customer relationship.

A market consists of large number of individual customers who differ in terms of their needs, preferences and buying capacity. Therefore it becomes necessary to divide the total market into different segments or homogeneous customer groups. Such division is called market segmentation. They may have uniformity in employment patterns, educational qualifications, socio-economic status, preferences, etc. Market segmentation enables the entrepreneur to match his marketing efforts to the requirements of the target market. The sequential relationship between segmentation (S), targeting (T) and positioning (P), popularly called STP, is shown in figure:



Sequential Relationship between STP

2.1.1 Concept and Meaning of

Market segmentation is the technique used to enable a business to better target its products at the right customers. It is about identifying the



specific needs and wants of customer groups and then using those insights into providing products and services which meet customer needs and wants.

Market segmentation is the process whereby producers organize their knowledge of customer groups and select for particular attention, those who's needs and wants they are best able to supply with their products.
– Victor T.C. Middleton

Market segmentation can be defined as the process of dividing the total heterogeneous market into relatively distinct homogeneous sub-groups of consumers with similar needs or characteristics. In other words, Market segmentation involves dividing a market into smaller segments that might require different products.



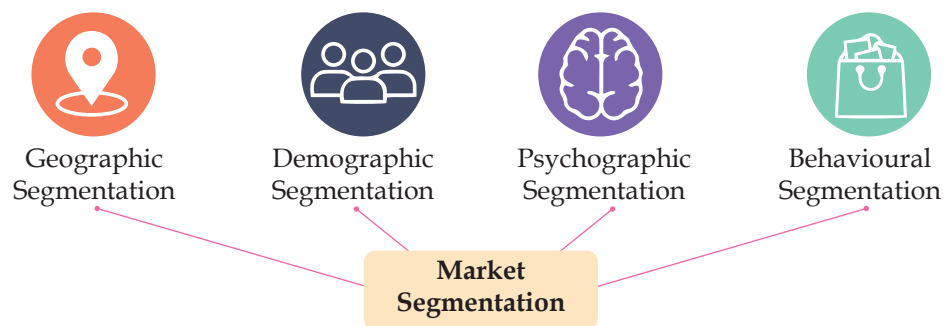
Therefore, we can also say that a market segment is that portion of a larger market in which the individuals, groups, or organizations share one or more characteristics that cause them to have relatively similar product needs.

2.2 Bases of Market Segmentation

Primarily, there are two broad categories of markets for which the segmentation has to be done:

- 1. Consumer Markets:** Consumer markets are the markets where the consumers buy products for their own consumption.
- 2. Business Market:** In business markets, business, industrial houses or business persons buy goods and services for use in their organizations or production units for producing goods and services. Since these markets are quite different from each other, the bases for segmenting them are also different.

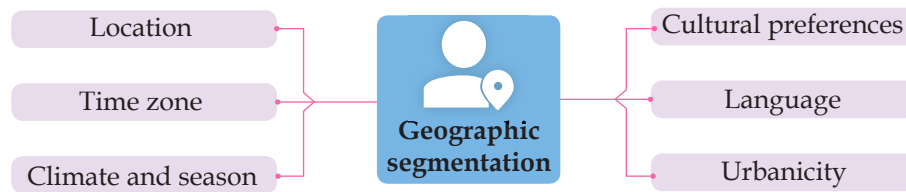
Here, we will discuss the various bases for segmenting consumer markets only. The market can be segmented on the basis of four major groups. These are also called the basis or methods of segmentation. However companies can also use a combination of these variables during segmentation. These are as follows:



- 1. Geographic Segmentation:** Geographical segmentation means segmenting the market on the basis of geography. Geographic segmentation focuses on dividing the whole market into different geographic units, such as regions, states, urban, rural, climate, etc. People residing in different geographical locations might be having different needs and hence requiring different products. Some factors of geographic segmentation are listed below:



- (i) Rural or Urban
- (ii) Local or Global
- (iii) North or South
- (iv) Warm or Cold Regions
- (v) Metro or Non-Metro
- (vi) High Humid or Dry Areas



For example, people living in rainy areas would be requiring raincoats, umbrellas, boots while people living in deserts would not be requiring them. Therefore, the marketer has to see whether the product produced by him will cater to which market segment. The marketers marketing raincoats will have to segment their market on the basis of geography i.e. weather. Similarly, food habits also change with geographical locations. The food habits of South Indians are different from those residing in North or West India. The marketer has to keep this in mind.

2. Demographic Segmentation: In demographic segmentation, the market is divided into groups on the basis of variables such as age, family size, family life cycle, gender, income, occupation, education, religion, race, generation, nationality and social class. Demographic variables depend upon the customers’ choice and preferences based on their:



- (i) Occupation
- (ii) Income
- (iii) Education
- (iv) Gender
- (v) Age
- (vi) Generation
- (vii) Family Size
- (viii) Religion

For example, the customers belonging to the high-income group prefer to buy an A.C., whereas the mid-income group generally opts for a Cooler. The ones who belong to the low-income group can only afford to buy a Fan.

3. Psychographic Segmentation: In psychographic segmentation, elements like personality traits, attitude lifestyle and value system form the base. The strict norms that consumers follow with respect to good habits or dress codes are representative examples. Psychographic variables include:



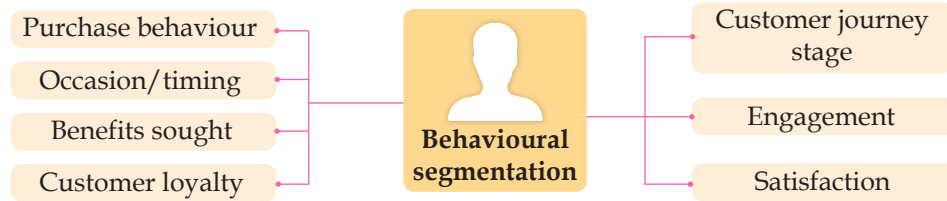
- (i) Hobbies or Interests
- (ii) Lifestyle
- (iii) Activities
- (iv) Personality
- (v) Opinions

Examples: Mc Donald’s changed their menu in India to adapt to consumer preference. The market for Wrist Watches provides example of segmentation. Titan watches have a wide range of sub brands such as Raga, fast track, edge, etc. or instant noodle markers, fast to cook food brands such as Maggi, Top Ramen or Femina, women’s magazine is targeted for modern women. Coca-Cola launched Diet Coke for health conscious customers.

4. Behavioural Segmentation: Markets can be segmented on the basis of buyer behaviour as well. The primary idea in buyer behaviour is that different customer groups expect different benefits from the same product and accordingly they will be different in their motives in owning it. In buyer behavior based segmentation also, several sub factors form the basis. The basis of segmentation

may be customers':

- (i) Response
- (ii) Buying Attitude
- (iii) Purchase Pattern
- (iv) Volume of Purchase
- (v) Product Knowledge
- (vi) Usage, etc.



Such segmentation is based on use of product based on occasions such as Diwali, Holi, Mother's day, Father's day, Rose day, Promise day and so on. The benefits sought such as fair and lovely to become fairer, head and shoulder's for dandruff free hair, user status (regular users, non-users or potential users) and loyalty status (hard core loyals or switchers) towards the product.



2.3 Understanding Segmentation

A major reason of a company's success is the ability to segment its market effectively. Use of a particular basis of segmentation would largely be dictated by the type of product for which segmentation is being done. For example, segmenting a market on the basis of age of a person is not relevant for a product like sugar. In fact, gender classification also would not matter. However, lifestyle and usage pattern can provide a better base. Some people are health conscious and would like to consume less sugar. Similarly, segmentation can also be done on the basis of diabetics and non-diabetics.

2.3.1 How is segmentation done?

Marketers do not necessarily limit their segmentation to one basis alone, but use multiple segmentation bases. Generally, multi-base segmentation is used depending on the nature of product and various other factors. Suppose an organization has decided to focus on manufacturing shoes for children. In developing the segment for this product, the marketer will have to decide the age-group of the children. He decides to target the children in the age group of 1-10 years (Age Segmentation). Then he has to decide whether he would be focusing on girls or boys (Gender Segmentation). His segment would be, Shoes for girls in the age-group of 1-10 years". Accordingly, he will frame the marketing strategies.

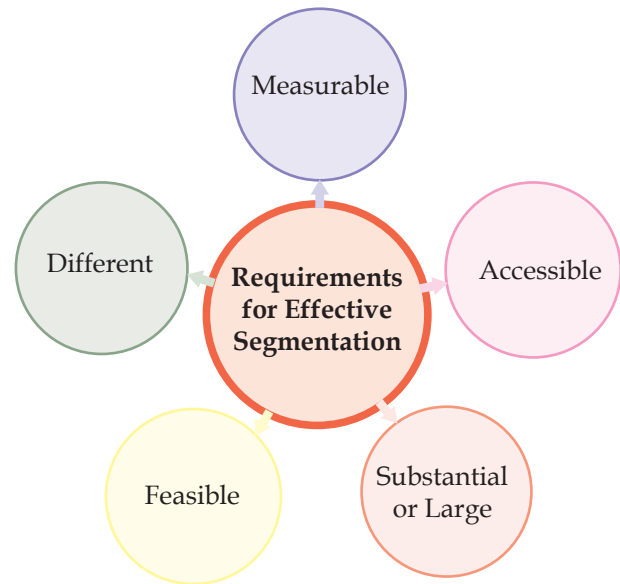
Products and Bases of Segmentation

S.No	Product	Possible Basis of Segmentation
1.	Magazines	Literacy status, Gender, Occupation, Social-class
2.	Shoes	Gender, Income, Benefit
3.	Shampoo	Benefit, Age
4.	Toothpaste	Benefit
5.	Clothes	Gender, Income, Age, Social-class, Personality

2.3.2 Requirements for Effective Segmentation

A marketer should select a segment that fulfills the following requirements:

1. **Measurable:** It means that the segment selected should be capable of being measured. It means the data should be available. For example, number of females in a country can be measured but number of people who love partying cannot be known.
2. **Accessible:** Accessibility means that the segment should be within the reach and could be approached conveniently.
3. **Substantial or Large:** The segment should be substantial or large. The segment that is selected should be large enough so that the production could be done for that segment.
4. **Feasible:** The segment should be feasible. The segment should be capable of being practically served and be cost effective as well.
5. **Different:** The segment should be different. Every segment so selected should be different. Any kind of overlapping in segments can lead to confusion and chaos.



2.4. Market Targeting

Marketing concept holds that the key to achieving organizational goals lies in determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than the competitors. It is not possible for a marketer to have similar strategies for product promotion amongst all individuals. Kids do not get attracted towards products meant for adults and vice versa. Every segment has a different need, interest and perception. No two segments can have the same ideologies or require a similar product.



2.4.1 Meaning and Definition of Market Targeting

Targeting is defined as a group of people or organizations for which an organization designs, implements and maintain the marketing mix. Once the bases for segmentation are selected, you have to identify the people or organization to which the product meant.

"Market targeting is made up of evaluation of market segment and selection of market segment/segments to be in."

2.4.2. Evaluating the Segment

There are many factors which tell us whether the segment is attractive or not they are

- (i) Size of the segment
- (ii) Growth prospects in the segment
- (iii) Accessibility of the segment
- (iv) Nature of the product being produced
- (v) Resources of the company

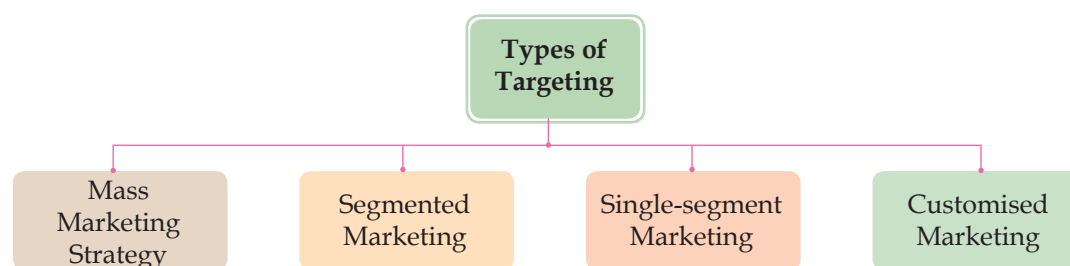
If the segment or the segments fulfill the criteria above, they should be selected otherwise not. Nature of the product and resources of the company would largely determine the number of segments to enter.

2.5 Selecting the Segment

After evaluating the segments, the marketer has to decide as to which segments to enter. He might find many segments lucrative but the selection criteria will depend on the above mentioned factors. Once he has selected the segments, he has to decide the strategies to target these segments.

The decision related to these strategies will again depend on the nature of product, resources of the organization and the strategy that the top management wants to adopt. Some of the companies may think an individual customer as a complete segment (Individual marketing) and some may consider the whole market as one segment (Mass Marketing). In between lie the differentiated marketing and concentrated marketing. In next section we shall discuss these strategies and try to understand them.

2.5.1 Strategies of Market Targeting/ Types of Targeting



A market targeting strategy is a strategy or tactic in which a firm chooses (a) market segment(s) as its target market to serve in order to achieve its marketing goals. There are four market targeting strategies used popularly by firms: mass marketing, segmented marketing, niche marketing and micro marketing.

1. Undifferentiated Strategy (Mass Marketing Strategy):

As the name indicates, the marketer under this strategy makes a single marketing plan for the product to be used by all the customers in the market. He considers the whole market as one segment and sells his product to everyone without differentiating.

The marketers of products like steel, cement, sugar, salt etc. follow this type of strategy to target the market. Coca Cola, Caterpillar, Sony, Marlboro, Philips, Toyota, McDonald's, Volvo and Kodak use global marketing strategy.



2. Differentiation Strategy (Segmented Marketing): In this strategy, the firm decides to segment the total market into different segments and then designs separate products for different segments that the company wants to cater to. It means the company has something to offer to every segment it decides to enter. For example, in case of a power supplier, the segments may include domestic users, government users, commercial establishments, factories, occasional users, etc. The power supplier would serve all the segments at the same time.

3. Concentrated Marketing (Single-segment Marketing): In this strategy, the marketer selects only one single segment out of the various segments available. The reason being that the segment is

untouched has less competition. For example, equipment for disabled, western wears for Indian ladies. This strategy is followed when the resources are limited. The company that serves a single segment assumes a strong position in the market because of greater understanding of the consumer needs of the segment it serves.

4. Individual Marketing/Customised Marketing:

Individual marketing refers to producing products suited to the specific needs of specific individuals. It is done to satisfy the needs and preferences of individual customers. This type of marketing is also known as “one-to-one” marketing or “. Individual marketing can range from a task such as a barber giving a particular haircut to his customer to an architect planning a villa for his client. Unlike mass production, individual marketing aims at building relationships with customers. Individual marketing is becoming more and more important and acceptable these days. For example, Nerolac paints allow you to create your own shade for your home.



2.6. Positioning the Product

‘Positioning the Product’ means pitching the product or creating a place for one’s product in the market in relation to competitor’s product. For attaining a place, the firm has to highlight certain features of its product which make it unique or different from competitor’s product. Positioning helps us to create a distinct position of the product in the market.

For example Pepsodent has positioned itself as “Germi-check” and Close-Up has positioned itself as toothpaste that gives “Freshness.” Positioning is what you make the consumer think about you and how they perceive your product in relation to other products.



A brand’s position establishes over the years through various promotional tools like advertising, publicity and also word-of-mouth. Positioning can be done by using both tangible (Fridge with door cooling technology washing powder that does not produce LINT) as well as non-tangible features (Dermi-cool powder as “Thanda-thanda, cool-cool”). A company can very effectively use its Unique Selling Proposition (USP) for positioning. Even product differentiation can form a very effective basis for positioning.

2.6.1 Meaning and Definition of Positioning

Positioning is the last stage in the Segmentation Targeting Positioning Cycle. Once the organization decides on its target market, it strives hard to create an image of its product in the minds of the

consumers. The marketers create a first impression of the product in the minds of consumers through positioning.

“A product’s position is the way the product is defined by consumers on important attributes the place the product occupies in consumers’ minds relative to competing products. – Kotler and Armstrong
Positioning means developing the image that a product projects in relation to competitive products and to firm’s other products. – William Stanton”

In simpler words positioning helps in creating a perception of a product or service amongst the consumers. Example: The brand “Bisleri” stands for purity. The brand “Ceat Tyre” stands for better grip.



2.7 Positioning Strategies/Bases

Positioning of a product can be done using certain bases/strategies that are explained below:

- 1. On the Basis of Product Characteristics or Customer Benefits:** In this strategy, the marketer tries to position his product on the basis of the benefits the customer derives from the product. For example, Conforms Mattresses have been positioned on the basis of the comfort it provides to its user. Whirlpool has positioned its refrigerators on the basis of “quick ice making” and “Fair and Lovely” says that it can make one fairer. “Olay” says it can give you wrinkle-free skin.

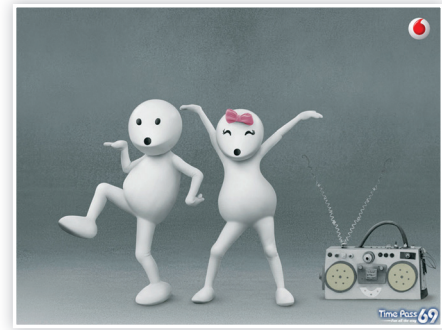


These products are actually highlighting their product benefits and trying to position themselves on the basis of these benefits. Sometimes, a firm can use two or three benefits as well. If the company does so then it has to be very careful as it can result in confused image of the product.

- 2. On the Basis of Price:** Some products attempt to offer more in terms of price. Many marketers try to position themselves on the basis of economy provided by them to the customers. Ginger chain of hotels has positioned itself as the stores like Reliance Fresh and Big Bazaar have positioned themselves as economical stores. Similarly, many marketers try to position their product on the basis of price.
- 3. On the Basis of Quality:** Quality and price are related to each other. High price is generally associated with higher quality. All big brands keep their prices exceptionally high to indicate their exceptionally good quality. A company can give the indication that it is charging high prices because it is delivering a quality product For example, the handbags of Da Milano Hidesign are of very good quality and very expensive.
- 4. On the Basis of User:** Another basis is to associate a product with a user. Various Bollywood stars have been associated with Lux which gives the impression that Lux is the soap of stars. Similarly, Salman Khan endorse the Thums-Up advertisement saying “aaj kuch too tufani karte hain”. The fan following of Salman would find adventure in drinking Thums-Up because of celebrity association.



5. **On the Basis of Symbols:** Many marketers use various symbols or illustrations to create a distinctive image of them and position themselves accordingly. “RathVanaspati” has used “Rath” as its symbol. “Zoos Zoos” of Vodafone is another example. One can find many examples of this type of strategy in Indian advertising and this is especially helpful in case your target audience is illiterate.



6. **On the basis of Different Product Class:** This type of strategy is also used by the marketers to portray that the product they are offering are different from the existing product category and use it as their basis of positioning. They create their own product class. For example, Peanut butter is not a category of butter but is different from it. Sprite pitched itself against Coca-cola and Pepsi as an “Uncola” something which is not cola.

At a Glance

- Market segmentation is the starting step in applying the marketing strategy.
- A market consists of large number of individual customers who differ in terms of their needs, preferences and buying capacity.
- Market segmentation involves dividing a market into smaller segments that might require different products.
- Consumer markets are the markets where the consumers buy products for their own consumption.
- In business markets business persons buy goods and services for use in their organizations for producing goods and services.
- Geographical segmentation means segmenting the market on the basis of geography.
- In demographic segmentation, the market is divided into groups on the basis of variables such as age, family size, family life cycle etc.
- In psychographic segmentation, elements like personality traits, attitude lifestyle and value system form the base.
- Targeting is defined as a group of people or organizations for which an organization designs, implements and maintain the marketing mix.
- Positioning the Product’ means pitching the product or creating a place for one’s product in the market in relation to competitor’s product.
- The process of creating an image of a product in the minds of the consumers is known as positioning.
- Positioning helps to create first impression of brands in the minds of target audience.
- Positioning process enables companies to define the positioning of a brand, product or service.
- In Mass Marketing Strategy the marketer under this strategy makes a single marketing plan for the product to be used by all the customers in the market.
- In Segmented Marketing the firm decides to segment the total market into different segments and then designs separate products for different segments that the company wants to cater to.
- In Single-segment marketing the marketer selects only one single segment out of the various segments available.
- Customised Marketing refers to producing products suited to the specific needs of specific individuals.
- Some products attempt to offer more in terms of price.
- Quality and price are related to each other. High price is generally associated with higher quality.

Glossary

- | | |
|------------------------------------|---|
| 1. Market Segmentation: | : the process of dividing a total market into market groups consisting of people who have relatively similar product needs, taste and preferences |
| 2. Geographic Segmentation: | : dividing the market into different geographical units such as nations, regions, countries, cities or neighborhood |

- | | |
|---|---|
| 3. Demographic Segmentation: | : market is divided into groups on the basis of variables such as age, family size, income, occupation, education religion, nationality and social class |
| 4. Income segmentation: | : income segmentation is a long standing practice in a variety of products and services and is a basic segmentation variable |
| 5. Behavioural Segmentation: | : markets can be segmented on the basis of buyer behaviour as well |
| 6. Psychographic Segmentation: | : in this segmentation, elements like personality traits, attitude and lifestyle and value system form the base |
| 7. Targeting: | : it is defined as a group of people or organizations for which an organization designs, implements and maintains the marketing mix |
| 8. Mass Marketing Strategy: | : when differences in customer needs are small or demographics are not distinctive, a business may decide to use a mass market strategy or undifferentiated marketing |
| 9. Segmented Marketing: | : a segmented marketing is a market-targeting strategy in which a firm decides to target several market segments and designs differentiated marketing offerings for each |
| 10. Niche Segment Strategy: | : the word niche itself implies that one is targeting a limited number of consumers or a particular set of customers |
| 11. Positioning: | : it is about identity what you are in the marketplace vis-à-vis your competitors |
| 12. Customer Benefits Positioning: | : in this strategy the marketer tries to position his product on the basis of the benefits the customer derives from the product |
| 13. Price Positioning: | : some products attempt to offer more in terms of price. Many marketers try to position themselves on the basis of economy provided by them to the customers |
| 14. Quality Positioning: | : quality and price are related to each other. High price is generally associated with higher quality |
| 15. Symbols Positioning: | : many marketers use various symbols or illustrations to create a distinctive image of themselves and position |
| 16. Product Class Positioning: | : this type of strategy is also used by the marketers to portray that the product they are offering are different from the existing product category and use it as their basis of positioning |

Exercises

CBSE Textbook Questions with Answers

Assessment 1

A. Fill in the Blanks

1. The two broad categories of markets areand
2. Segmentation on the basis of gender is the example of..... segmentation.
3. Personality is the part ofsegmentation.

Answers:

1. Consumer markets, Business markets
2. Demographic
3. Psychographic

B. Multiple Choice Questions

- Which one of them is not an example of segmentation based on Occasion?
 (a) Diwali (b) Father's day (c) E-id (d) All of the above
- Select the best basis of segmentation for "toys" from the following:
 (a) Infants (b) Children (c) Both of the above (d) None of the above
- Which of the following is not a requirement for effective segmentation?
 (a) Accessible (b) Economical (c) Measureable (d) Large enough

Answers:

- (d) All of the above
- (c) Both of the above
- (b) Economical

Checklist for Assessment Activity 1

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

Part A:

- What do you mean by Segmentation? Explain the requirements for effective segmentation.
- Explain the Psychographic segmentation in detail.
- List the possible basis for segmenting face crème.
- What are the various bases of segmentation? Discuss two of them with examples.

Part B: Class Activity

Ask the students to pick up a consumer product of their choice and try to segment it. Then explain it in the class with the help of a PowerPoint Presentation.

Part C: Performance Standards

The performance standards may include but not limited to:

Performance Standards	Yes	No
The Ability to comprehend the concept of segmentation and be able to actually segment the market for the various products.		

Assessment 2

A. Fill in the Blanks

- Undifferentiated strategy of target marketing is also known as
- Individual Marketing is done to satisfy the needs of
- Segmentation helps to identify the segments, while targeting helps to segments.

Answers:

- Mass Marketing
- Specific individuals
- evaluating

B. Multiple Choice Questions

- Which one of the following tells us about which segment to enter:
 (a) Market segmentation (b) Target Marketing (c) Only a (d) a and b both
- Undifferentiated target marketing strategy is also known as
 (a) Single Segment Strategy (b) Mass Marketing
 (c) Individual Marketing (d) Customisation

Answers:

- (b) Target Marketing
- (b) Mass Marketing

C. True or False

- Collecting information about customers is called Customisation. (F)

- Individual marketing means producing products suited to the specific needs of specific individuals. (T)
- In case of differentiated marketing strategy, selected segments of a market are selected. (T)

Checklist for Assessment Activity 2

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

Part A

- What is Market Targeting? How is it different from Market Segmentation, explain with the help of an Example.
 - Explain the factors that the marketers should take into consideration for evaluating the segments.
 - List out the various strategies available to a marketer for targeting the customer. Discuss any two of them.
 - What do you understand by Niche Marketing? When should a marketer adopt this strategy. Part B
- Class Activity Divide the class into groups and ask them to assume that they are the marketing team of an organization and then ask them to choose a product of their choice and decide which targeting strategy would they use to market their product in the form of a presentation to be presented in the class.

Part C Performance Standards

The performance standards may include but not limited to:

Performance Standards	Yes	No
Understanding the concept and strategies of market targeting and be able to understand when to use a particular strategy.		

Assessment3

A. Fill in the Blanks

- Pitching the product or creating a place for one's product in the market is called
- For securing a position, a product has to highlight it's
- Incase mascots an figures are used to position a product, it is called positioning on the basis of

Answers:

- Product Positioning
- Product benefits
- Symbol or Imagery

B. Multiple Choice Questions

- Positioning helps:
 - To create a distinct image in the market
 - To identify the segments
 - To enter the segment
 - All the above
- Which of the following is not the basis of Positioning:
 - On the basis of User
 - On the basis of User Class
 - On the basis of Quality
 - On the basis of Income
- Positioning is done:
 - Before the segmentation and targeting
 - After the segmentation and targeting
 - Simultaneously with the segmentation and targeting
 - None of the above

Answers:

- (d) All the above
- (d) On the basis of Income
- (b) After the segmentation and targeting

C. True or False

- Positioning means creating a unique place for the product in the market. (T)
- For positioning a product both tangible and non-tangible attributes are used. (T)
- When a product is positioned on the basis of some benefit that it gives, it is called Positioning on the basis of Quality. (F)

Checklist for Assessment Activity 3

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

Part A

1. With the help of appropriate examples, explain the term positioning.
2. How can a product be positioned?
3. Explain any two bases of Positioning with the help of suitable examples.
4. Give three differences between Segmentation and Positioning.

Part B Class Activity

1. Ask the students to select a product and identify the segments for that product and also try to position by highlighting the benefit offered by the product.

Part C Performance Standards

The performance standards may include but not limited to:

Performance Standards	Yes	No
Able to understand the concepts of Segmentation, Targeting and Positioning and also be able to apply these concepts.		

Additional Questions with Answers

A. Multiple Choice Questions

1. Market segmentation means
 - (a) Dividing the sales team into small groups
 - (b) Dividing the marketing process into small steps
 - (c) Dividing the territory into small areas
 - (d) All of these
2. The basis of geo-demographic segmentation is based upon:
 - (a) City size
 - (b) State or Union territory
 - (c) Population density
 - (d) Classification of residential neighbourhood
3. Which of the following characteristics do not match with benefit segmentation?
 - (a) It is based upon measuring consumer value systems
 - (b) It relies on descriptive factors
 - (c) It seeks to identify distinct consumer needs
 - (d) It relies on casual factors
4. Which of the following criticisms of age as a segmentation variable is invalid?
 - (a) Age is not a reliable predictor of lifestyle
 - (b) Chronological age need not be synonymous with psychological age
 - (c) The similarities in consumer wants for different age groups are usually greater than the differences
 - (d) Age is not an accurate predictor of a person's spending habits
5. Which one of the following statements does not form part of effective positioning strategy?
 - (a) Choosing a price strategy
 - (b) Determining target customers' needs
 - (c) Determining what is value to the target customers
 - (d) Developing products with numerous product differences compared with competing brands
6. Which of the following is not an element of demographic segmentation?
 - (a) Family size
 - (b) Population density
 - (c) Income
 - (d) Religion

7. The most important reason behind the utilization of market segmentation is
 - (a) Market heterogeneity
 - (b) Positioning
 - (c) Test marketing
 - (d) Product life cycle
8. Segmenting the market according to the customer use of the service is an example of which bases of segmentation?
 - (a) Demographic
 - (b) Geographic
 - (c) Behavioral
 - (d) Psychographic
9. In effective target market, marketers should focus on:
 - (a) Market segmentation
 - (b) Market Targeting
 - (c) Market positioning
 - (d) All of these
10. Which of the following is not a useful construct for positioning strategy?
 - (a) Positioning on the basis of product features
 - (b) Positioning on the basis of benefits
 - (c) Positioning for an undifferentiated market
 - (d) Positioning for user category

Answers:

1. (d) All of these
2. (d) Classification of residential neighbourhood
3. (b) It relies on descriptive factors
4. (c) The similarities in consumer wants for different age groups are usually greater than the differences
5. (d) Developing products with numerous product differences compared with competing brands
6. (c) Income
7. (a) Market heterogeneity
8. (c) Behavioral
9. (d) All of these
10. (c) Positioning for an undifferentiated market

B. Fill in the Blanks

1. Market segmentation involves a market into smaller segments that might require different products.
2. Consumer markets are the markets where the buy products for their own consumption.
3. In business markets business persons buy goods and services for use in their organizations for goods and services.
4. segmentation means segmenting the market on the basis of geography.
5. In segmentation the market is divided into groups on the basis of variables such as age, family size, family life cycle etc.
6. Targeting is defined as a organizations for which an designs, implements and maintain the marketing mix.
7. means creating a place for one's product in the market in relation to competitor's product.
8. In the marketer under this strategy makes a single marketing plan for the product to be used by all the customers in the market.
9. In marketing the marketer selects only one single segment out of the various segments available.
10. refers to producing products suited to the specific needs of specific individuals.

Answers:

1. Dividing
2. Consumers
3. Producing
4. Geographical
5. Demographic
6. Organization
7. Positioning
8. Mass Marketing Strategy
9. Single-segment
10. Customised Marketing

C. State whether the following statements are true or false

1. One cannot be everything to everyone, but can be everything to a selected few.
2. Targeting is the process of grouping of individuals with similar needs.
3. A Rolls-Royce is not in competition with Maruti Alto.
4. Segmentation is a battle of minds.
5. Some needs and wants change with age.

6. Anyone in America is an American only.
7. Religion influences consumption behaviour.
8. Since business market segments do not change, hence there is no need to re-segment frequently.
9. A company should not attempt to compete in all segments with the same product.
10. Targeting and positioning strategies are interrelated.

Answers:

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

D. Short Answer Type Questions–I

1. Define market segmentation.

Ans. Market segmentation is the process whereby producers organize their knowledge of customer groups and select for particular attention, those who's needs and wants they are best able to supply with their products.

2. What do you mean geographic segmentation?

Ans. Geographic segmentation calls for dividing the market into different geographical units, such as nations, regions, states, counties, cities or even neighborhoods. A company may decide to operate in one or a few geographical areas or operate in all areas but pay attention to geographical differences in needs and wants.

3. Why do companies opt for market segmentation?

Ans. Buyers in any market differ in their wants, resources, locations, buying attitudes and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs.

4. Explain and consumer markets and business market

Ans. Consumer markets are the markets where the consumers buy products for their own consumption whereas in business markets the business persons buy goods and services for use in their production units for producing goods and services.

5. What is psychographic segmentation?

Ans. In psychographic segmentation, elements like personality traits, attitude lifestyle and value system form the base. The strict norms that consumers follow with respect to good habits or dress codes are representative examples

6. What do you mean by behavioural segmentation?

Ans. Markets can be segmented on the basis of buyer behaviour as well. The primary idea in buyer behaviour is that different customer groups expect different benefits from the same product and accordingly they will be different in their motives in owning it.

7. List the name of strategies of market targeting.

- | | |
|-------------------------------|------------------------------|
| (a) Undifferentiated Strategy | (b) Differentiation Strategy |
| (c) Concentrated Marketing | (d) Individual Marketing |

8. What does a company focus on when using an undifferentiated marketing strategy?

Ans. A company using an undifferentiated marketing strategy focuses on what is common in the needs of consumers rather than on what is different. It designs a product and a marketing program that will appeal to the largest number of buyers.

9. What is the difference between targeting and segmentation?

Ans. Targeting is when you focus your marketing efforts on a specific group of people that you think are likely to buy your product or service. Segmentation is when you divide your market into groups based on characteristics like age, gender, income level, etc.

10. What is the purpose of targeting?

Ans. Targeting in marketing is a strategy that breaks a large market into smaller segments to concentrate on a specific group of customers within that audience. It defines a segment of customers based on their unique characteristics and focuses solely on serving them.

E. Long Answer Type Question-I

1. Explain the meaning and concept of market segmentation with suitable example.
2. What are the major market segmentation objectives?
3. Describe the bases of segmentation marketing.
4. Distinguish between/among the following:
 - (i) Segmentation, Targeting and Positioning
 - (ii) Mass segmentation and niche segmentation
 - (iii) Demographic segmentation and Psychographic segmentation
5. Write short notes on the following:
 - (i) Behavioural Segmentation
 - (ii) Bases of Positioning
6. Explain geographic segmentation and demographic segmentation.
7. What is the difference between psychographic segmentation and behavioural segmentation?
8. Explain the different strategies of market targeting.
9. Explain the importance of market segmentation.
10. What is meaning and concepts of positioning? Explain with suitable example.

F. Long Answer Type Question-II

1. What is Segmentation? Explain the bases of market segmentation.
2. Explain the process to Selecting the Segment in details.
3. Define market targeting. Discuss the various strategies of market targeting
4. What is market-targeting? How is different from market segmentation? Explain with the help of an example.
5. What do you mean by the concept of Positioning the Product? Discuss the various strategies of market targeting
6. What is positioning? How it is done? What are the bases of product positioning?
7. What are the requirements for effective segmentation?
8. Explain the three steps in target market selection – market segmentation, market targeting and product positioning with suitable examples

Previous Years' CBSE Sample Questions

A. Answer the following questions.

(1 Mark)

1. Which of these factors is not used for evaluating the segment?
 - (a) Size of the segment
 - (b) Growth prospects
 - (c) Accessibility of the segment
 - (d) Resources of the nation

CBSE 2018-19
2. The segmentation done on the basis of social class, lifestyle, personality characteristics, etc. of a person is called
 - (a) Geographical segmentation
 - (b) Behavioural segmentation
 - (c) Psychographic segmentation
 - (d) Understanding segmentation

CBSE 2018-19
3. Which would not be a factor of demographic segmentation?
 - (a) Age group
 - (b) Income level
 - (c) Business markets
 - (d) Occupational structure

CBSE 2019-20
4. Select the best basis of segmentation for toys from the following:
 - (a) Infants
 - (b) Children
 - (c) Both
 - (d) None of the above

CBSE 2019-20

5. Positioning helps:
- (a) To create a discreet image in the market (b) To identify the segments
(c) To enter the segments (d) All the Above *CBSE 2019-20*
6. Johnson baby oil is meant for tiny toddlers. What is it?
- (a) Segmentation (b) Targeting (c) Positioning *CBSE 2020-21*
7. Which marketing strategy also means more cost to the company?
- (a) Undifferentiated strategy (b) Differentiation strategy
(c) Single-segment marketing (d) Customized marketing *CBSE 2020-21*
8. Due to corona all of us stopped eating outside an awareness of social distancing has been widespread and hence we all stopped taking services from various members of the society. It is an example of
- (a) Psychographic (b) Geographic (c) Demographic (d) Behavioral *CBSE 2020-21*
9. Why is On the Spot research carried out?
- (a) To understand a customer's psychology and behavior
(b) To understand a customer's psychology and capability
(c) To understand a customer's behavior and capability
(d) To understand a customer's behavior and psychology *CBSE 2020-21*
10. Dividing the whole market on the basis of regions, states and climate. It is the example of which base of segmentation?
- (a) Geographical (b) Demographic (c) Psychographic (d) Behavioral *CBSE 2020-21*
11. Which OUT of these is NOT requirement for effective segmentation?
- (a) Measurable segmentation (b) Non accessible
(c) Large (d) Feasible *CBSE 2020-21*
12. I LOVE to wear branded clothes. This statement is related to which type of segmentation?
- (a) Geographic (b) Demographic (c) Behavioral (d) Psychographic
CBSE 2020-21
13. Selling of products directly to customers through channels such as retail stores, markets, the internet, direct mail orders, door-to-door sales and catalogues is termed as:
- (a) Personal selling (b) Promotion (c) Direct distribution (d) Indirect distribution
CBSE 2021-22
14. Segmentation needs to be done as market is _____ in nature:
- (a) Homogeneous (b) Heterogeneous (c) Dynamic (d) Complex *CBSE 2021-22*
15. Which of the following is not a basis of demographic segmentation?
- (a) Education (b) Income (c) Brand Loyalty (d) Occupation *CBSE 2021-22*
16. In one of the targeting strategies, the marketer selects only one single segment out of the various segments available. The reason being that the segment is untouched has less competition. Name the Targeting Strategy reflected here.
- (a) Customized marketing (b) Single-segment marketing
(c) Mass marketing (d) Micro marketing *CBSE 2021-22*
17. Read the given statements about Positioning and identify the incorrect statement.
- (a) Positioning helps to create a distinct position of the product in the market.
(b) Positioning can be done by using both tangible as well as non-tangible features.
(c) Advertising, publicity and word-of-mouth helps in creating brand positioning.

- (d) Positioning involves making the goods available at convenient places. CBSE 2021-22
18. The stores like Reliance Fresh and Big Bazaar have positioned themselves as 'economical stores'. Which basis of positioning is being reflected here?
 (a) Customer benefits (b) Price (c) User (d) Product class CBSE 2021-22
19. The process of evaluating each identified market segment's attractiveness and selecting which segments to enter is termed as:
 (a) Segmentation (b) Marketing (c) Targeting (d) Positioning CBSE 2021-22
20. Which targeting strategy aims at capturing sufficient volume of customers so as to gain benefit of economies of scale?
 (a) Mass marketing (b) Customer-based marketing
 (c) Niche marketing (d) Individual marketing CBSE 2021-22
21. Which of the following are bases of psychographic segmentation?
 (a) Personality, social class and lifestyle (b) Occasions, loyalty-status and user-status
 (c) Gender, income and education (d) Personality, education and loyalty-status CBSE 2021-22
22. Coca-Cola came into market first in 1886. It has been continually reinventing itself slogan after slogan. The slogans adopted by Coca-Cola, in chronological order, are as follows – Drink Coca-cola; Thirst asks nothing more all you want is a coke; America's Real Choice Coca-Cola Enjoy and Open Happiness. Which marketing process is being discussed above?
 (a) Selling (b) Targeting (c) Positioning (d) Segmentation CBSE 2021-22
23. Arrange the following in correct sequence:
 I – Segmentation II – Positioning III – Targeting
 (a) I, II, III (b) II, III, I (c) I, III, II (d) III, II, I CBSE 2022-23-24
24. Identify the type of positioning strategy which is helpful in case target audience is illiterate:
 (a) Positioning on the basis of different product class
 (b) Positioning on the basis of symbols or illustrations
 (c) Positioning on the basis of quality
 (d) Positioning on the basis of product characteristics CBSE 2022-23
25. Identify the type of positioning strategy which is helpful in case target audience is illiterate:
 (a) Positioning on the basis of different product class
 (b) Positioning on the basis of symbols or illustrations
 (c) Positioning on the basis of quality
 (d) Positioning on the basis of product characteristics CBSE 2023-24

B. Very Shot Answer Type Questions

(1 Mark)

1. State whether the statement is TRUE OR FALSE. Collecting information about customers is called Customization. CBSE 2020-21
2. Name the two broad categories of markets for which segmentation has to be done.

C. Short Answer Type Questions-I

(2 Marks)

1. List the possible basis for segmenting face cream. CBSE 2019-20
2. What is the aim of market targeting? CBSE 2020-21

3. Mention any two requirements for effective segmentation.

CBSE 2022-23 & 2023-24

4. What is the one basic difference between consumer market and business market?

CBSE 2023-24

D. Long Answer Type Question-I

(3 Marks)

1. What are the requirements for effective segmentation?

CBSE 2018-19

2. What is market-targeting? How is it different from market segmentation? Explain with the help of an example.

CBSE 2018-19

E. Long Answer Type Question-II

(4 Marks)

1. Discuss the various strategies of market targeting.

CBSE 2020-21

2. Rounak is working as marketing manager in a business firm dealing in manufacturing and sale of readymade garments. He wishes to consider the composition of population of whole country and produce and sell the garments to target market accordingly.

(a) Which basis of market segmentation is being considered by Rounak?

(b) State the six factors included in the type of market segmentation identification (a) above.

CBSE 2022-23 & 2023-24

Activities

1. Divide the class into small groups and assign each group a product or service. Ask them to identify and create different market segments for the given product or service and encourage students to consider demographic, psychographic, behavioral, and geographic factors.
2. Prepare a file to conduct a case study analysis. Provide students with a real-world example of a company that successfully targeted a specific market segment. Ask them to research and present the reasons behind the company's choice of target market and how it implemented its targeting strategy.
3. In the class organize a debate or panel discussion on different targeting strategies, such as undifferentiated marketing, differentiated marketing and concentrated marketing. Assign each group a strategy and ask them present arguments for and against its effectiveness in various scenarios.
4. Assign each student a common product e.g., a smartphone or Laptop to develop different positioning strategies based on various bases such as price, quality, features, or brand image. Prepare a file and present their strategies and explain.

Suggested Learning Activity

1. Pick up a product of your choice and identify the segment for that product. Make a PowerPoint Presentation on market segmentation.
2. Make a presentation on the concept of targeting the market.
3. Choose a product or service of your choice and identify which strategy of targeting would you choose for that product or service.
4. Make a presentation on the importance of positioning the product in the market.
5. Give a list of products to the students and ask them to position them on particular attributes and then present in class as to why they chose a particular attribute of positioning of a particular product

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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